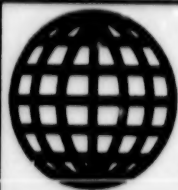


JPRS-NEA-89-072  
13 NOVEMBER 1989



**FOREIGN  
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# ***JPRS Report***

# **Near East & South Asia**

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# Near East & South Asia

JPRS-NEA-89-072

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### Extent of Iranian Presence Discussed

90OL0032A London AL-DUSTUR  
in Arabic 11 Sep 89 pp 10, 11

[Article by Dr 'Ali Nurizadeh: "File on Iranian Presence Is Before Syria's Foreign Minister"]

[Text] How big is the Iranian presence in Lebanon? Syria's Foreign Minister Faruq al-Shara' constantly reiterates that people exaggerate this presence, which now falls under the umbrella of the Arab Deterrent Forces, which have turned into Syrian occupation forces. Al-Shara's latest misrepresentations were his recent statements to the London newspaper AL-HAYAH while he was in Belgrade to attend the meetings of the summit of nonaligned countries.

What are the facts about the Iranian presence in Lebanon? How did this cultural and touristic presence turn into a military and sectarian presence under the umbrella of the Syrian regime after its entry into Lebanese territory? Iranian affairs expert Dr 'Ali Nurizadeh throws light on a partly unknown reality and lays pages from the Iranian file on the desk of Syrian Foreign Minister Faruq al-Shara'.

What is happening now in Lebanon has a clear impact in Iran. The current struggle between those whom the West considers to be hardliners and those who are called moderates or pragmatists in the Western press, insofar as it is linked to the Lebanese problem, inevitably brings up a subject of the utmost importance: the identity of the Iranian revolution. Continuation of the Iranian presence in Lebanon proves the idea that the Khomeyni movement, instead of being a limited regional movement with national orientation, proposes itself as an alternative to all movements based on nationalism or exporting the revolution.

Khomeyni's view of Lebanon—and the principles and attitudes of Iranian policy are still based on it—took the following points into account:

- Nonrecognition of Lebanon's existence as an independent entity.
- Consideration of the Lebanese theatre as a base for spreading Khomeyni's ideas to Arab and Islamic countries.
- An effort to create a sectarian regime in Lebanon under the name of "Islamic Republic" so as to implement the colonialist plot that calls for creating a racist-sectarian entity next to Israel to justify the latter's existence.

If one follows Iranian moves on the Lebanese scene during the last 10 years, one inevitably discovers that Syria was and still is the party that provides Tehran's ayatollahs the needed cover to justify their interventions in Lebanon.

For example, Khomeyni ordered the Revolutionary Guard to be sent on the eve of the entry of Israeli forces into Beirut. This was after the Syrian president, during

his meeting with the Iranian ambassador in Beirut at the time, Hojjat ol-Eslam Fakhr Rowhani, asked Iran to intervene in Lebanon. (Fakhr Rowhani revealed this in an interview with the official newspaper KEYHAN after his return to Iran.)

Certainly, Iranian interest in what happens in Lebanon was not born yesterday. The present Iranian regime, which sees Lebanon as an open jungle that it can turn into a base for expansion from one end of the region to the other, is not the first to turn its attention toward Lebanon.

Contemporary Iranian history since the Constitutional Revolution in Iran at the beginning of the 20th century confirms that Beirut had become one of the most important educational centers for sons of wealthy Iranian families. They were sent to Beirut, where Western culture and the Islamic heritage met. Iranian aristocrats preferred to send their sons to Beirut, rather than to Europe, which was the scene of wars and conflicts.

Also, wealthy Iranian families considered European culture by itself to be incompatible with their heritage and culture.

If one follows Iranian history, one observes that many of the politicians who ruled Iran from the outbreak of World War I to the fall of the late shah in 1979 were alumni of schools in Beirut and Kasrawan and of Lebanese universities. For example, Amir 'Abbas Hoveyda was a student of former Lebanese Prime Minister Taqi-al-Din al-Sulh. The latter pointed to his relations with Hoveyda during his visit to Tehran in the seventies. Dr Shapur Bakhtiar and his cousin, General Teymur Bakhtiar, also studied in Lebanon. Dr Bakhtiar was a fellow student with former Lebanese President Charles Hilu.

While some Lebanese Christian leaders, such as Camille Sham'un, Charles Hilu, and Pierre al-Jumayyil, saw the Iranian regime as a natural ally in the region, some Druze leaders also had relations with Iran.

It is worth noting that Walid Junblatt, who leads the Druze community, besides being chairman of the Progressive Socialist Party, was a frequent visitor to Tehran during the seventies. During these visits, Junblatt met his first wife, Marina Metr, a famous Iranian actress whose family had emigrated from Russia to Iran at the time of the Bolshevik revolution. Marina belonged to the Jan-Pulad family, which emigrated from Lebanon to Spain and then to czarist Russia in the 17th century. In Tehran, Junblatt met his cousin Marina three centuries after her family's departure.

Similarly, Musa al-Sadr was not unknown in Lebanon. His father, Ayatollah al-Sadr al-'Amili, who considered himself an immigrant from the 'Amil Mountains even though he had been born in Iran, was the most prominent ayatollah in Lebanon. When Musa al-Sadr went to Beirut, he was received very warmly, although certain Lebanese clerics who were preparing themselves for leadership after the death of Shaykh Sharaf-al-Din regarded Musa al-Sadr as a powerful and unusually

qualified competitor. Within only a few years, Musa al-Sadr was able to become leader at the Lebanese level.

Although al-Sadr had close relations with the leadership in Iran, the way in which an Iranian ambassador in Beirut handled a dispute between him and the shah led to a kind of estrangement between the two sides. Yet despite his disagreements with the Iranian regime, Musa al-Sadr never turned to the enemies of the Iranian regime, but tried to coexist with it.

Imam Musa al-Sadr's policy during the Lebanese civil war—his understanding with the Christian community and his attempt to deal with the Lebanese scene and its constitutional institutions through the existing structure—conflicted with the policy of some of the clerics who joined the Amal movement that Imam Musa al-Sadr had founded under the name of "Legions of the Lebanese Resistance." Their goal was to remove him from leadership. Foremost among the extremist clerical leaders in the Amal movement were Ayatollah Muhammad Baqir al-Sadr, Shaykh Muhammad Husayn Fadlallah (before joining Amal, he had headed a movement called "the Family of Brotherhood"), and Shaykh Subhi al-Tufayli (current Hizballah leader in Ba'labbakk).

In 1978, the unexpected happened. On the one hand, Imam Musa al-Sadr disappeared. On the other hand, the revolution took place in Iran under leadership of Khomeyni, who did not like Imam Musa al-Sadr and his well-known moderation toward the shah.

At the beginning of the revolution, the Amal movement was oriented towards Iran. Although Amal's leaders expected the issue of Imam Musa al-Sadr to become a primary issue in revolutionary Iran, it quickly became apparent to them that Ayatollah Khomeyni was not interested in the question of Imam al-Sadr's disappearance. This happened during a visit to Tehran at the time of the Iranian revolution by Speaker of Parliament Mr Hoseyn al-Hoseyni and the head of the Amal movement with cadres from the movement, including Minister Nabih Bari, Mrs Rabab al-Sadr (Imam al-Sadr's sister), and Shaykh Muhammad Mahdi Shams-al-Din.

During the first years of the Iranian revolution, the Iranian regime hoped to align the Amal movement and bring it under its control. However, the movement, particularly after the election of Nabih Bari as its leader, strengthened its relations with Syria. At the time of the Israeli raid on Beirut, when Tehran was bent on filling the Palestinian vacuum, Nabih Bari stood in the way of this plan and deemed it a plot to partition Lebanon. This stance was in fact the end of Iranian recognition of the Amal movement. The Iranian ambassador in Beirut at the time, Hojjat-ol-Islam Fakhr Ruhani, accused Nabih Birri of being an agent of Washington and Israel on account of his rejection of the Iranian proposal. At the beginning of 1983, at a signal from Tehran, the groups loyal to Tehran within Amal split away under the leadership of Husayn al-Musawi and started the Amal

Islamic Movement. Later, a number of shaykhs linked to Iran announced the birth of Hizballah officially.

From that time until recently, Iranian policy in Lebanon became a policy with definite orientations. This policy decreed that the Amal movement had to be struck from within and that Hizballah and Islamic Amal had to be strengthened. Through its fifth column within the movement, Iran greatly profited from the ongoing conflicts within Amal. During March 1986, Tehran was the scene of lengthy meetings between Iranian officials and Lebanese religious figures concerning the destiny and leadership of Amal. During these meetings, at whose conclusion a draft constitution for an Islamic republic in Lebanon was issued, Tehran gave the green light to liquidating Minister Nabih Bari and Shaykh 'Abd-al-Amir Qablan, the top Ja'fari mufti in Lebanon, on the grounds that the two were fundamental roadblocks to the Iranian scheme. It is common knowledge that Shaykh Muhammad Mahdi Shams-al-Din, who attended the Tehran meetings, later withdrew his signature from the draft constitution of the Islamic republic in Lebanon (63 clerics and Lebanese figures had signed it). According to sources close to Shaykh Shams-al-Din, signs of Iranian displeasure at Shaykh Shams-al-Din's stands during Amal's war with Hizballah appeared as soon as Shaykh Shams-al-Din after his return from Tehran in April 1986 refused to dissolve the Shiite Islamic Council. Tehran had requested that this be done and that the council's members be reelected from shaykhs connected with Tehran.

Tehran, it should be mentioned, marshaled all its forces in Lebanon to further the implementation of its scheme to create a satellite republic in the Lebanese South and earmarked a large budget for this purpose. Amal, however, caused the Iranian scheme to fail in the South. The war of the suburbs merely showed that Tehran, having been deprived of the South by Amal, decided to implement its scheme in Beirut. There is no doubt that Hizballah and Revolutionary Guard control of Amal positions in the suburb was not the result of Hizballah's military superiority over Amal; rather, forces allied with Iran paid 10 million Lebanese pounds to every Amal-linked official who ran a movement office in the suburb or was responsible for a military position or security checkpoint, with the aim of having these handed over to Hizballah and the Revolutionary Guard.

Contrary to reports that Damascus was disturbed by the results of the suburb war and warned Tehran not to cross the red lines, there are many indications that what the Iranian regime has been and still is doing enjoys the Syrian regime's blessing and support. The following are some of the facts uncovered in Lebanon concerning the collusion between the Damascus and Tehran regimes.

1. About 1,400 men from the Revolutionary Guard are in the al-Biq'a' region, particularly the city of Ba'labbakk.
2. Ba'labbakk and its suburbs are under the control of the Iranian Revolutionary Guard, with Iranian laws being enforced by the guard in these areas.

3. Between 240 and 300 men from the guard and Iranian intelligence are in the South, within sight and hearing of Syrian forces and parties allied with Damascus.
4. About 180 Revolutionary Guard specialists and trainers are in the suburb.
5. A striking and unconcealed proliferation of Iranian intelligence elements can be observed in Beirut and the South.
6. Arms and military equipment continue to flow into Lebanon across Syrian territory to strengthen Hizballah and the other organizations linked to Iran.
7. Shaykh 'Abdallah's barracks, which lie within firing range of Syrian forces, is under the control of the [Revolutionary] Guard and is being used for training terrorists.
8. The two countries cooperate closely in the agricultural area of al-Biqā' where poppies and marijuana are grown and converted into the drugs opium, heroin, and hashish in laboratories where Iranian specialists work alongside their Syrian counterparts. Under the auspices of Syrian intelligence, the drugs are smuggled through ports under the control of Damascus' allies, especially Walid Junblatt.
9. The Iranian regime is helping to entrench its bases in Lebanon and extend its influence. This is being done through the establishment of economic and social institutions, schools, and institutes where the curriculum is subject to Khomeyni's ideas and the idea of a clerical state. These institutions include:
  - a. The al-Shahid Organization (four branches)
  - b. The Organization of the Oppressed (*al-Mustad'afun*—eight branches)
  - c. The Red Crescent (seven branches)
  - d. The Islamic Information Organization
  - e. The religious colleges in Ba'labakk, Beirut, and Tyre
  - f. 12 Iranian banks, which are used to pay the salaries of personnel hired by the regime and to cover the costs of activities by Hizballah and the other organizations linked to Tehran
  - g. 15 schools and Islamic institutes
  - h. Five camps to train recruits, and a large barracks in Ba'labakk
  - i. A large embassy, greater in size than the Lebanese cabinet, with more than 50 people working in it
  - j. Three newspapers and magazines, a political radio station, a religious radio station, and a television channel funded by the Iranian embassy.

With this evidence, is the Iranian presence in Lebanon being "exaggerated," as Syrian Foreign Minister Faruq al-Shara' asserts?

In this regard, it should be mentioned that since Khomeyni's death, Iran is no longer merely the ally of the Islamic groups. Thanks to the Syrian regime, its role has widened following Nabih Bari's visit to Tehran and the signing of the joint cooperation agreement among Amal, Hizballah, the Islamic Unification Movement, the Syrian National Social Party, the Progressive Socialist Party, the Lebanese Communist Party, the Sidon Nasirists, and the Damascus-allied Palestinian groups. In the Iranian Foreign Ministry building, Syria gave her partner authorization to move in the Lebanese arena without any reservation. In other words, there are no longer any red lines blocking Tehran's movement in Lebanon. Damascus' marriage with Tehran, once a temporary liaison, has been transformed by the recent alliance between the two sides into a solid marriage on the part of the official apparatus. Just as a wife does not allow her husband to be subjected to criticism, so the foreign minister of the Damascus regime defends and downplays the Iranian presence. This is something natural that Arabs and others understand.



**AzSSR Rayon Soviet Votes To Join NKAO**

46050001C Paris HARATCH  
in Armenian 13 Sep 89 p 2

[Excerpt] One of our teleprinters carried an important news item in early August. The Shahumyan rayon of Azerbaijan, which shares borders with the Nagorno-Karabakh Autonomous Oblast [NKAO], expressed the wish to be annexed to NKAO. The rayon comprises an area of 583 square kilometers and is predominantly populated by Armenians. The report remained buried under the multitude of monotonous reports pouring from the teleprinters which we have been monitoring for items on Karabakh for more than a year.

A report which takes up most of the front page of the 25 August edition of [Yerevan] GRAKAN TERT refocuses attention on this new bid for reunification.

The author of the report, Samvel Shahmuratyan begins with remarks noting the oblivion which has surrounded this case and says: "Preoccupied with the overwhelming anguish of Nagorno-Karabakh, the earthquake and the 200,000 refugees [from Azerbaijan] we forgot about Shahumyan virtually acquiescing in the idea that there is no hope and that everything will come to an end there as well." However, his subsequent account indicates that the Armenian people of Shahumyan are in no mood to forget what they have decided.

According to the latest census figures, the rayon has 20,625 inhabitants of which 15,973 are Armenians. Until 1940, the population was fully Armenian. Shahumyan's economy is based on the production of milk, meat, potatoes, grapes, wine and fruit preserves which are shipped to Azerbaijan. On the other hand, the rayon lacks adequate numbers of jobs and good roads, and "of course, the stores are empty."

The principal factor—beside these economic conditions—that drove the people of Shahumyan to protest is the trampling of national interests and attempts aimed at the moral enslavement of the people.

Before beginning the tale of the demand for the annexation of Shahumyan to NKAO, it is first necessary to present a character called Rudolf Mirzoyev who is the first secretary of the rayon committee and who is reportedly "the son of ethnic Armenians." When he was told about the people's dissatisfaction and about the need to pay attention to it, he said: "The people's opinion does not interest me much. I am an internationalist." When the conversation turned to annexing Shahumyan to NKAO he declared: "Such a thing cannot happen as long as I am alive. I would not allow it."

Fortunately, as Shahmuratyan states, "the life of the people of Shahumyan would not be governed by Mirzoyev." On 25 July, nearly 3,000 people gathered at the rayon center and waving their arms at the administrative building shouted: "Secession. Annexation."

Of the 75 deputies on the rayon soviet [shriyanavin khorhurt] 59 are Armenians. Of these, 45 wrote a petition demanding a special session of the rayon soviet. Mirzoyev's resistance took desperate proportions. It was finally decided to convene a session the next day. When the soviet met, 6 of the 9 Azeri deputies among the 69 present left the hall. The 25 or so deputies who addressed the session expressed the following common sentiment: "The only way to preserve the Armenian character of the rayon is to annex it to the NKAO." During voting, so many votes were cast in favor of doing so that a deputy said: "For a moment it seemed that the decision would be approved unanimously." With an overwhelming majority of votes (55 in favor and 8 abstentions) the rayon soviet decided to petition the Azerbaijani Supreme Soviet to examine the inclusion of the rayon in the administrative structure of NKAO; to ask the Azerbaijani Council of Ministers to petition the country's Supreme Soviet for appropriate steps; to request the USSR Supreme Soviet to oversee the implementation of this decision; and, in view of declarations by local officials that they cannot guarantee the security of individuals, to ask the USSR Supreme Soviet to provide protection to the population of the rayon. The same afternoon, the first deputy secretary of the Azerbaijani Communist Party's Central Committee arrived from Baku in a futile attempt to persuade the rayon soviet that an erroneous decision had been taken.

Both the Council of Ministers and the Presidium of the Supreme Soviet of Azerbaijan examined the resolution of the Shahumyan rayon soviet and rejected it with the following pretext: "There are no political, socioeconomic or other grounds for altering the administrative and territorial structure of the rayon."

This decision came as no surprise to the people of Shahumyan. Mistrust toward Mirzoyev and his work grew sharper in subsequent days. Beginning in 4 August, the square at the rayon center was filled with demonstrators day and night. The next day special armed units arrived to prevent clashes between local Armenians and Azeris brought from outside. The rayon plenum "relieved" Mirzoyev from his responsibilities as member of the bureau of the rayon committee and first secretary of the committee. Vladimir Akhajanyan, who until then was the chairman of the rayon committee and who signed the rayon soviet's annexation resolution, was elected first secretary by secret ballot. Akhajanyan is 40 years old and received his university education in Yerevan.

This is the brief overview of the events in the Shahumyan rayon in the last 1 and ½ months. "There, the people changed and brought forth from the depths of their souls new capabilities that they themselves were unaware of. They became convinced that they are capable of standing up for their ancestral land. Now, although the situation is sharply tenser and the rayon has become the target of rabid threats, Shahumyan feels itself stronger." [passage omitted]

**Dispatch of UN, ArSSR Forces to NKAU Urged**

46050001A Paris HARATCH in Armenian 7 Sep 89 p 1

[Text] KHORHRTAYIN KARABAKH published in its 5 September edition a communique by the National Council of NKAU [Nagorno Karabakh Autonomous Oblast] consisting of two important points:

a) The National Council of Artsakh appeals to the UN Security Council: In view of the present situation in NKAU, the threats of a new Sumgait by the Azeris and the state of blockade which has completely isolated Artsakh and has deprived it of any food and essential supplies; given that no means of resolving this situation are imminent; and on the basis of Article 2 of the 10 December 1948 UN Convention which guarantees the freedom and security of every individual, the National Council calls on the UN Security Council to take every essential measure including the dispatch of a UN peace-keeping force if necessary.

b) The National Council of Artsakh has sent a telegram to the Central Committee of the Armenian Communist Party explaining the tragic circumstances of the oblast, especially the state of blockade which has produced disastrous results. The telegram draws the Central Committee's attention to Baku's armed units and emphasizes the lack of public confidence. Stating that the special administrative committee for NKAU is in no position to take control of the situation and that military force cannot play any useful role [as published], the telegram urges Yerevan to dispatch forces as soon as possible.

**Moderation Over 'Pan-Turkism' Urged**

46050001B Paris HARATCH in Armenian 6 Sep 89 p 2

[Article by Serge Sarkhoshian: "Pan-Turkism and We"]

[Excerpts] There has been a significant amount of confusion in Armenian political life in recent days as a result of opposing views expressed by the Armenian Pannational Movement [APM] and [writer and journalist] Zori Balayan at the 23 June sitting of the Armenian Supreme Soviet. The Diaspora attempted to explain the controversy by trying to defend the former's political realism and the justness of the latter's demands. Today we have before us a set of documents: The program of the APM, the APM proclamation and the texts of the speeches Zori Balayan and Levon Ter Petrosyan (on behalf of the APM) made at the said Armenian Supreme Soviet session.

First we must criticize Balayan's extreme pro-Russian attitude. The issue of maintaining friendly relations with the Russians depends as much on the Russians as on us. We cannot be friends with them if they turn their backs on us, especially since they are the determining side and not we. Our past experiences between the Russian hammer and the Turkish anvil suggest that we should not rely on foreigners, Russian or otherwise. Ter Petrosyan rightly calls this "an imposition of moral

enslavement on the people." The second point of concern is Balayan's distressed and frantic tone. We are all aware that we are surrounded by Turkic nations: Azerbaijan on the east, Turkey on the west, the Adzhar in Georgia in the north, the Meshket who want to return to Georgia and the 500,000 Azeris in Georgia. We know this, but it is not proper to blare all this out from high official platforms adding that all these Turkic groups are waiting for the opportunity to annihilate Armenia. Even if that is truly so it is wrong to say it. That may create panic among the people and drive them to despair and emigration. Ter Petrosyan's stance on this issue is not comprehensible either. He first states that pan-Turkism existed during World War I but does not exist today as a political current because the dispersed Turkic-speaking nations have endorsed the path of separate development. But then he says that the Armenians' "calls for a crusade may reinstate it as a political and turn Armenia into a target of pan-Turkism and pan-Islamism." What is incomprehensible is that if pan-Turkism does not exist then it will not be resurrected because of our calls, and if it does exist it would not dissipate because we keep quiet.

But the issue has a second aspect. Expressing opposition to Armenian demands for the return of Turkish-occupied territories, Ter Petrosyan says: "The raising of the issue of Turkish-occupied Armenian territories at this time serves one and only one purpose: To portray the Armenian people as revanchists and to discredit the just demands of Artsakh." The Artsakh demand movement is a crucial issue for the entire Armenian nation, and we must unite and concentrate our forces, not dissipate them, to triumph in that battle.

At this time we simply underscore these remarks by Ter Petrosyan not because we have abandoned our just demands [over Turkish-held territories] but because commenting on them would not serve any useful purpose. However, regarding his stance we would like to quote the following paragraph from Paragraph 8 of the section entitled "Near-term Goals of the APM" in the APM program: "To persistently advance the demand for the reunification of territories which are part of historic Armenia and which are recognized as Armenian in international documents." The issue cannot be simpler. We have known the Karabakh Committee and Levon Ter Petrosyan for the last 1 and 1/2 years, and we know him as a knowledgeable populist leader endowed with solid common sense. Therefore, we should give him credit for what he deserves without raising any doubt that he is saying today is not what he was saying yesterday. [passage omitted]

Today few literate Azeris understand the language spoken by an Istanbul Turk and vice versa. Gone are the days when Enver Pasha went to the Transcaucasus to organize the Tartar Turks. They are already organized and do not wish to be subject to anyone, especially to anyone whose condition is worse than theirs. Today, there are more differences than similarities between the Turks of Ankara and Baku. Although the Anatolian Turks were able to win the support of ignorant Tartar



masses at the beginning of this century, it is impossible to do that today. Therefore, it is not correct to think about pan-Turkism today in terms of the ideas of the turn of the century. Nor is it correct to think that there is no Turkish threat. That threat exists whether we call it pan-Turkism or something else. [passage omitted]

In the light of all these, who is more correct? Should we put the Armenian cause on an international platform and try to navigate our way between the East and the West as Balayan suggests, or should we keep quiet for the moment and concentrate on the Artsakh issue as Ter Petrosyan urges? We agree with the latter unequivocally. We had extensive experience with territorial issues at the world's crossroads from 1878 to 1923—and until today—and we know well that we get nothing from that process. If on the other hand, the day comes when a "vacuum" is created on our western borders, then it will never be too late to fill it. As Ter Petrosyan states, making territorial demands on all of our neighbors imperils our demands in Artsakh. Doing that would diminish the seriousness of our 18-month-old struggle and would put Armenian-populated areas on an equal footing with territories without Armenian inhabitants when the first of these enjoys the support of the entire

world while the second... Just look at a map of the world: There are scores of nations who are demanding territories from their neighbors on some grounds.

Each nation must have its long-term and current-term political goals. As Armenians and members of the Dashnak Party our long-term goal has been and is a "free, independent and united Armenia." We can never ignore that goal, but sometimes it is necessary to keep quiet in order to resolve a current problem or a phase of a current problem if that is what is necessary at a given time.

The APM also subscribes to the same idea by separating "free" from "independent" in the ideological principles section and "united" from the other two in the near-term goals section of its program. The APM notes that "the realization of that demand (for territories) is possible only through the implementation of a national policy based on our movement's ideological principles." Convinced that the democratization of Armenia and the Artsakh demands present a current imperative, we believe that it is proper to endorse the stance of the leaders of the Karabakh Committee and the APM.

## REGIONAL AFFAIRS

### OPEC Control of World Oil Reserve Discussed

90OL0067 Doha AL-RAYAH in Arabic 15 Aug 89 p 6

[Text] Despite all the crises that have plagued OPEC, including the collapse of prices, the buildup of surplus, and the Iraq-Iran war, it is possible that time is in favor of this organization.

Part of the reason for this, according to a study prepared by the British Petroleum Company [BP], is due to the fact that the 13 OPEC member states control almost three quarters of the world's confirmed oil reserves.

What's even more significant than all this is the fact that OPEC reserves will maintain the current production levels for another 90 years, or more than twice the remaining 41 years for the other world oil reserves.

One of the most important world economic factors is that the U.S. oil reserve is nearing exhaustion.

The BP study says that the oil production of the United States, the world's biggest economic power, has been dropping slightly since 1985. On the basis of 1988 production rates, the U.S. reserve will last only nine and a half years more.

The situation for Britain is even worse since its oil reserve will suffice it only for a period of five years.

Industrial experts, however, warn against overpessimism. They point to one of the most remarkable phenomena in the past 20 years is that the amount of confirmed reserves is increasing tremendously, despite the fact that consumption increased only at the rate of about one third by 1988, reaching 3 billion tons.

New oil discoveries and the realization that the existing oil fields could be exploited in a greater and better manner than was first believed have contributed to the increase in confirmed world reserves to 133.8 billion tons, or approximately double the reserve in 1968.

However, in the study, BP warns that despite intensive exploration in recent years, no new big oil deposit discoveries similar to the vast North Sea and Alaska fields that were discovered in the sixties have been made.

Meanwhile, OPEC's share of world production has dropped to 24 from more than 50 percent, as was the case 15 years ago.

The Soviet Union is, to a certain extent, regarded as the biggest oil producing country, since it produced 624 million tons in 1988, or the equivalent of 20.6 percent of the world's production.

The United States comes next, but it has been slipping back; in 1988 it produced 463 million tons, or the equivalent of 15.3 percent of the world's production. It is followed by Saudi Arabia, which produced 257 million tons, or 8.5 percent of the world's production.

Among the world's biggest oil producers last year were Mexico with 141 million tons, China with 136 million tons, Iraq with 128 million tons, Britain with 114 million tons, and Iran with 113 million tons.

In terms of consumption, the United States last year needed 789 million tons, or 26 percent of world production, followed by the Soviet Union with 439 million tons, and then Japan with 222 million tons.

West Germany ranks fourth among the oil consuming countries since it needed 115 million tons. With regard to production, the West Germans produced only 3.9 million tons, or 0.1 percent of world production.

### EC Market 'Will Increase Demand for Gulf Oil'

44000037B Muscat TIMES OF OMAN  
in English 12 Oct 89 p 6

[Text] An Arab Gulf Co-operation Council official was quoted as saying a single European Community market in 1992 should increase demand for Gulf Arab oil and petrochemicals.

AGCC [Arab Gulf Corporation Council] Assistant Secretary-General 'Abdallah Quwayz told the Saudi-owned newspaper "AL-SHARQ AL-AWSAT" that officials from both sides would meet in Spain in February to discuss the impact of the merger on future relations.

"The European market merger in 1992 will increase economic growth rates, which will in turn boost its demand for oil and petroleum products, including AGCC exports", the paper quoted Quwayz as saying.

The official warned that limiting access to AGCC exports might make of the market an "impenetrable fortress against others".

The AGCC, an alliance comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates, wants to narrow a trade deficit that last year reached \$4.4 billion in favour of the EC.

The AGCC is one of the largest markets for EC products, taking 16 percent of the Community's exports in 1987.

### Iraq Backs Gulf Petrochemical Talks With EC

44000010A Manama GULF DAILY NEWS  
in English 30 Aug 89 p 12

[Text] Manama—Iraqi Oil Minister 'Isam 'Abd-al-Rahim al-Chalabi has joined Gulf leaders who advocate easy access for their petrochemical products in European markets, a news report said.

Chalabi's statement came on the eve of today's GCC [Gulf Corporation Council] meeting in Manama to prepare the ground for talks next year with the European Community (EC).

The report came on the eve of today's meeting in Manama of representatives of the six-nation GCC to prepare the ground for talks next year with the European Community.

The GCC has been campaigning to overcome EC protective tariffs.

"We care very much about the attitude of consumer states toward Arab industrial products," Chalabi said.

"There should be cooperation and coordination in policies to guarantee that Arab products gain markets in full freedom," he added.

"We do not seek preferential treatment," Chalabi said.

The conservative Arab countries of the Gulf are striving to break their economic defence on crude oil exports and expand into oil-related industries, particularly petrochemicals.

The Saudis have developed 15 major petrochemical projects over the last few years. Qatar, exploiting gas deposits in its big north field offshore, is also driving to boost petrochemical exports.

But the GCC countries have found the development of their petrochemical sector impeded by the EC tariff system.

#### **Al-Qadhdhafi Maps Indicate Oil Potential on Egyptian Border**

45000034 Cairo AL-MUSAWWAR  
in Arabic 27 Oct 89 p 15

[Text] AL-MUSAWWAR has learned that, during their meeting in Tubruq, Libyan President Mu'ammār al-Qadhdhafi showed [Egyptian] President Husni Mubarak a set of maps of oil fields located on the Egyptian-Libyan border in the area between al-Jaghhub and Siwah.

AL-MUSAWWAR has also learned that the maps of these oil fields affirmed that there is a high probability of economic-level petroleum in these joint fields. For this reason, an agreement to establish a joint drilling company to work in the areas of petroleum and water was one of the Tubruq resolutions.

#### **USSR Floating Eye Hospital for Middle East Underway**

44000037A Muscat TIMES OF OMAN  
in English 12 Oct 89 p 17

[Text] The Middle East has been chosen as the first major operational port of call outside the USSR for a unique floating eye hospital.

The 10,000-tonne cruise ship, "Petr Pervyy, which has been fitted with a complete clinic and multi-station operating theatre, is due to arrive in Dubayy on October 18. It will be based at Jebel 'Ali port for six months.

A team of seven surgeons will perform more than 5,000 operations using the techniques perfected by world-famous Soviet eye specialist Professor Syvatoslav Fyodorov.

The Dubayy berth was chosen following an unprecedented demand for Soviet eye treatment from Middle East patients. Last year 1,377 patients from the Middle and Near East flew to Moscow for treatment. Kuwaiti patients numbered the most—662 visited the USSR for treatment last year, followed by 261 from the UAE [United Arab Emirates] and 165 from the Yemen Arab Republic.

Figures for the first six months of this year show that 1,045 patients have so far made the journey to the Soviet Union. That includes 386 Kuwaitis, 196 Yemenis, 187 UAE nationals and 60 Qataris.

The six-year-old ship has been chartered by an organisation known as Floks, (Flot-Oko-Service), which is a joint venture between the Moscow Eye Clinic and Sovcomflot, a leading Soviet shipping company. It was converted into an eye hospital earlier this year at a cost of US \$12.75m.

More than 200 patients a week will be able to receive treatment for eye defects such as myopia, glaucoma, cataracts and astigmatism. Patients will first undergo a fully-computerised diagnosis. This will cost US \$500 and involves a two-night stay on board the ship. After the diagnosis and consultation, the patient will then be recommended a course of treatment or operation. The cost and length of stay depends upon the course of treatment agreed. Arrangements can be made to fly patients with severe defects to Moscow for treatment.

Dubayy-based Sharaf Shipping has been appointed as booking agent for the project. It has opened a telephone hotline in Dubayy for all enquiries—tel: 526636. Other agents are being appointed to handle enquiries in Saudi Arabia, Kuwait, Qatar, Oman, Bahrain and Jordan.

## **BAHRAIN**

#### **Island To Lead New Peace Bid**

44000011A Manama GULF DAILY NEWS  
in English 30 Aug 89 p 1

[Excerpt] Bahrain is to spearhead new Gulf efforts to bring a permanent peace to Iran and Iraq.

The key role was assigned at GCC [Gulf Corporation Council] Ministerial Council talks chaired by Foreign Minister Shaykh Muhammad Bin-Mubark Al Khalifa.

The Jeddah meeting asked Bahrain, current GCC chairman, to work to bring Iran and Iraq close and help implement UN Security Council Resolution 598, which seeks a lasting end to the conflict between the two sides now observing a truce.

Bahrain will also intensify contacts with UN Secretary General Javier Perez de Cuellar to help end the deadlock, the six foreign ministers of the GCC council decided.

The move was welcomed by an island-based United Nations official who said it was "a step in the right direction".

#### Encouraged

Wali Shah Wali, resident representative of the UN Development Programme in Bahrain, praised the concerted action by the GCC ministers.

"Since the ceasefire, there has been no progress in negotiations because of the conflicting positions taken by the two sides over relatively minor issues," said Mr Wali.

"These include the repatriation of prisoners and the withdrawal of troops from borders.

"Whether this sort of move will encourage both sides to make concessions for the sake of stability in the region, remains to be seen," he said.

Mr Wali said that he was encouraged that the GCC was doing more than voicing concern and taking action which could bring the two sides closer. [passages omitted]

#### Island Hosts Key Gulf Groundwork for EC Talks

440000i1B Manama GULF DAILY NEWS  
in English 30 Aug 89 p 1

[Text] Officials from the GCC [Gulf Corporation Council] Chambers of Commerce and the Ministries of Industry meet in Bahrain today to prepare the grounds for key talks next year with the European Community.

The meeting, at the Regency Inter-Continental, will be opened by GCC Secretary General 'Abdallah Bisharah at 9.30 am.

Hasan Zayn-al-'Abidin, second vice president of the Bahrain Chamber, said the meeting would work out a strategy to be followed when industrialists and businessmen from the GCC states meet their counterparts from the European Community in Spain, in March next year. He said that the GCC Secretariat would present a paper today on its relation with the EC as trade partner.

The Kuwait-based Gulf Investment Establishment will present another paper on the trade, insurance, transportation and maintenance projects in the GCC states.

"The meeting with the European Community is aimed at forging closer ties between the private sectors in the GCC and the EC which will result in increased investment and more joint ventures," said Mr Zayn-al-'Abidin.

More than 30 delegates are to attend today's meeting.

'Abdallah al-Quwayz, GCC Assistant Secretary General for Economic Affairs, will also attend the meeting.

#### Development of Industry, Foreign Investment Promoted

440000i11C Manama GULF DAILY NEWS  
in English 13 Sep 89 p 1

[Article by Soman Baby: "Jobs-for-Young Bonanza on Way"]

[Text] Bahrain is to launch a multi-million dinar scheme to create dozens of new industries and hundreds of jobs for young Bahrainis.

It is also launching a major campaign to woo foreign investment in joint ventures.

The development programme will be jointly financed by Bahrain, the United Nations Industrial Development Organisation (Unido) and the UN Development Programme.

It will involve creating downstream industries for aluminium and petrochemicals, with Unido expertise on hand to give Bahrainis technical and management training.

#### Potential

Under the three-year programme, Unido will also help Bahrain to woo Japanese industrialists and businessmen to invest in joint venture projects on the island.

Unido director general Domingo Siazon revealed the scheme in Bahrain yesterday.

He said a Bahraini Government official would be immediately posted at Unido's Investment Promotion Service Office in Tokyo, for six months.

Unido's nine Industrial Promotion Service Offices around the world promoted investment worth \$400 million last year.

"The official from the Ministry of Development and Industry will take with him a list of possible joint venture projects, and our office there will introduce him to prospective investors in Japan and encourage them to forge closer ties with Bahrain.

He said that during his audience on Monday with HE the Prime Minister, Shaykh Khalifa Bin-Salman Al Khalifa, the premier stressed the need to develop the industrial sector and to promote foreign investment into the country.

Mr Siazon, who visited the Gulf Petrochemical Industries Company and Alba, said there was great potential for a number of downstream industries for petrochemicals and aluminium.

Mr Siazon said he discussed specific projects with Development and Industry Minister and acting Minister of State for Cabinet Affairs Yousuf Shirawi, and decided to send a team of high level Unido consultants to Bahrain over the next three years.



He met Minister of Finance and National Economy, Ibrahim 'Abd-al-Karim yesterday and offered Unido's services to strengthen the country's financial institutions, especially the offshore banking units.

## EGYPT

### Cairo Security Director on Crime Trends, Causes

90OA0055A London AL-DUSTUR  
in Arabic 25 Sep 89 pp 58-60

[Interview with Major General Mamduh al-Bar'i, Cairo Security Director, by Tahani Turki: "Our First Battle Is Against Drugs and Addiction"; place and date not given]

[Excerpts] [Passage omitted]

[AL-DUSTUR] How do you conceive of your responsibility as a security official?

[Al-Bar'i] My basic responsibility, by virtue of my job as director of Cairo security, involves maintaining order within Cairo governorate and preventing any disturbance of public security. On the international level, Cairo is considered to be a peaceful city; any person can walk in the street after midnight and not be exposed to any incident at all. Our job divides into two parts: first, measures to prevent crime; second, measures to apprehend criminals after a crime has been committed. This does not mean that crime does not exist; crime exists and will never stop. Its rates sometimes increase, and sometimes they decrease. Naturally, as population density increases and builtup areas expand, crime increases. In addition, many other conditions—economic, social, and other—influence the rate and progress of crime. If the crime rate increases, it can be counteracted by appropriate security measures. The security strategy in Egypt is based on controlling the normal crime rates, on bringing about peace and security for citizens, and on every person's feeling secure in his home. Crime will not cease as long as there is life. Crime began at the beginning of creation. However, the security services perform their role of being present and apprehending those who break the law. Displays of stolen goods are set up; the victim's name, the case number, and the perpetrator of the incident are shown, so as to demonstrate the efforts of the Bureau of Investigation in the city of Cairo.

[AL-DUSTUR] What crimes have had the highest rates in Cairo during the last few years?

[Al-Bar'i] In the recent period, thefts, especially of automobiles, have had the highest rate in the city of Cairo, with 15 cases of car theft a day in the city of Cairo alone. At the same time, the rate of apprehension of thefts is very high. Whatever gang organizations the security services can uncover are apprehended. Police reports indicate that in general 11 percent of thefts are committed by juveniles below the legal age. The increase in the rate of car theft in the city of Cairo can be attributed to the existence of a tremendous number of automobiles,

along with a shortage of garages. We are trying to remedy this by having police present in the streets of the city of Cairo.

In second place come murders. During the first 6 months of this year, these accounted for 21 percent of all felony cases. Next come drug cases. Many efforts are being made to apprehend drug users. Large amounts of drugs are being seized. In the period from January to June of this year, drug cases accounted for 91 percent of total felony cases, with 2,700 drug cases in the city of Cairo alone. Drug cases were mainly concentrated in the districts of al-Darb al-Ahmar and Bulaq Abu-al-'Ala. During the first 6 months of this year, the Anti-Narcotics Administration of Cairo Governorate was able to seize 325 kg of hashish, 2.25 kg of opium, 2.50 kg of narcotic powder (heroin and cocaine), 26,976 narcotic pills, 562.300 cubic centimeters of Maxton Fort, and other things. During the same period on the national level, according to reports of the General Anti-Narcotics Administration in the Interior Ministry, 19,701 kg of hashish, 43 kg of opium, 406 million cubic centimeters of Maxton Fort, 100 kg of heroin, and 4 kg of cocaine were seized, along with 7,918 marijuana plants in hidden plantings in Upper Egypt.

[AL-DUSTUR] Political sociologists criticize the philosophy of relying solely on the security service to treat and oppose crime.

[Al-Bar'i] Every problem that Egypt suffers eventually turns into a security problem, and the greatest part of the burden of confronting it falls upon the security services. These services stress their continual presence by constantly patrolling the streets of Cairo. But I emphasize that the policeman by himself will never be able to solve the problem. This responsibility must therefore be shared with all citizens to prevent crime from being committed and its rates from increasing. Crime is everybody's problem. Responsibility belongs to the family and the school. The information media also have a responsibility. The Ministry of Awqaf and al-Azhar also have a large role. All are agencies that contribute in their turn to indoctrination and sound upbringing and to curbing crime. [passage omitted]

[AL-DUSTUR] Why is there delay in arresting criminals, especially in cases of murder?

[Al-Bar'i] Criminals develop methods to commit their crimes that make it difficult for the police to uncover the crimes easily. For example, many murders occur to prevent criminals from being apprehended. The investigations sometimes go on for many years, until the real criminal is apprehended. [passage omitted]

This does not mean that there is any negligence in uncovering criminals. The proof is that in 98 percent of all murder cases, suspects are apprehended.

[AL-DUSTUR] To what extent are high crime rates and Egypt's current economic crisis connected?



[Al-Bar'i] Without any doubt, there is a connection between economic conditions and increasing crime rates, especially in the city of Cairo, due to bad economic conditions, high unemployment rates, and constantly increasing population growth, in addition to low production and the emergence of new social models. Naturally, this has led to an increase of criminal behavior in Egypt. In the city of Cairo alone, in 1988, kidnappings accounted for 20 percent of all cases in the remaining governorates. Thefts increased 30 percent over 1987. Juvenile criminal offenses [in Cairo] in 1988 accounted for 12.4 percent of total juvenile criminal offenses on the national level—2,187 crimes in Cairo alone. Arrests in vice cases in Cairo and Alexandria amounted to 50 percent of total cases apprehended in the governorates—43,847 cases.

[AL-DUSTUR] From your police perspective, is there a new phenomenon of husband murder in Egypt?

[Al-Bar'i] Husband murder is not a general phenomenon; there are just individual cases, each of which has its own circumstances and surrounding conditions. The occurrence of these crimes at a single time has made people talk about husband murder as a phenomenon. There is also the media interest in these incidents, which has encouraged people to follow them. From my own point of view, what is happening is only a natural result of the tyranny of materialism over any other considerations in some Egyptian families. There is also the worry and nervous tension that accompany the age. The husband is away from his family and occupied with other things, and he mistreats his wife. All these factors have an influence and further the trend of rising crime rates among women.

[AL-DUSTUR] What effect does the drug problem have on crime in Egypt?

[Al-Bar'i] Naturally, drugs, which have spread frighteningly in Egypt in recent years, have an influence on increasing crime rates. During the first months of this year, there were 2,960 drug cases, with 3,377 defendants, all of them cases of selling or using drugs. This was in addition to crimes committed under the influence of drugs or committed to obtain the drug. The rising cost of using drugs has contributed to the rise in the rate of thefts and murders committed to obtain the money needed to buy drugs. [passage omitted]

[AL-DUSTUR] Why have women's crimes increased?

[Al-Bar'i] Now that women have entered various work fields and come to be in a position of equal rights with men, they have come to have many demands. Their social intercourse in the work place has led to their acquiring certain skills and rights that enable them to commit crimes. In addition, women are subject to psychological and economic pressures that lead them to commit crimes. This does not mean that women's crimes have increased; rather, discussion about women has recently focused on the new crimes that they have committed and that the media have emphasized.

[AL-DUSTUR] Violence: Has it become one of the traits of Egyptian society?

[Al-Bar'i] However many crimes have occurred in Egypt, they do not compare to what is committed in capitals similar to Cairo. In Egypt, for example, there are no gangs specializing in robbery, particularly bank robbery, as in European countries. One can say that changes in life work to develop forms of violence on the international level as a whole, not just in Egypt. Thus, violence exists and will continue to exist. The difference is that Egypt is not confronting violent trends in fighting crime. [passage omitted]

#### **Qina District Attorney To Investigate Torture Incidents**

45000035 Cairo AL-WAFD in Arabic 25 Oct 89 p 1

[Text] The Qina district attorney has ordered an investigation into incidents of torture of political prisoners in Qina prison. National security officers disrobed the prisoners, then beat them with truncheons and whips.

They then placed them in solitary confinement, in flooded cells.

The national security court in Qina has ordered the release of the Qina political prisoners, but the Interior Ministry has not implemented the decision.

#### **New Investment Law Outlined, Critiqued**

45040535 London AL-MAJALLAH  
in Arabic 26 Sep 89 pp 42-44

[Excerpts] [Passage omitted]

We must recognize that the field of activity in the private, investment sector has faced some difficulties, including, according to the Egyptian planning minister, the fact that several large projects were begun with capital of which only a portion was paid, the rest being primarily bank loans, which is reflected negatively in the performance of these projects. [passage omitted]

There are currently 135 investment projects in operation, almost all of which are successful, including 1,200 production projects aimed at supplying commodities, the rest being service, construction, and other projects [as published].

According to the statistics of the General Investment and Free Zones Organization, approved projects total 1,631, of which 281 are in the free zones. Operations have actually started regarding 1,342 projects, of which 260 are in the free zones.

The actual active, investment cost totals 8 billion Egyptian pounds. Sixty-nine percent of the projects in relation to all of the agreements have begun operating in the country, and 86 percent of all agreements [pertaining to the free zones] have begun operating in the free zones.

Regarding the nature of the investment projects, 89 percent of all financing projects has been implemented,

(giving this sector the highest implementation rate), 60 percent of all industrial agreements has been implemented, 54 percent of all agricultural and construction projects has been implemented, and 65 percent of all agreed service projects has been implemented.

The invested capital stockholders statement shows Egyptians in the forefront, representing 64 percent, followed by Arab investment, representing 24 percent, and foreign investment, representing 12 percent.

The investment projects provide about 15,000 employment opportunities to the Egyptian labor force and Arab and other experts. The total annual wages of the Egyptian labor force [participating in the projects] is estimated at about 34.8 million Egyptian pounds. [passage omitted]

#### Attracting Investments

Despite success in the investment field, Egyptian economists believe that investment activity is still in its infancy. They maintain that the economic opening [al-infitah] experiment of the past 15 years has not attracted enough capital to stimulate the Egyptian economy. [passage omitted]

The new law grants many advantages to investors. It exempts intermediate and economic housing projects from taxes for 15 years if they are fully rented, grants all investment projects a tax pardon period of 5 years, or 10 years if the project is established in the free zones, and exempts earnings from the commercial and industrial tax, the transferred capital tax, and the general income tax. In addition, the law exempts from taxation 50 percent of the wages collected in Egypt by foreigners working in investment projects. Such foreigners also have the right to transfer their earnings abroad, and the transferred sums are exempt from the income tax and the employment acquisition tax.

Under the new law, Dr Gharib stated, investment projects are provided a new advantage, namely the right of investors to open foreign currency accounts, which are not restricted by conditions, for the purpose of fulfilling their needs and exporting capital abroad, which is to be carried out pursuant to defined controls and with the approval of the General Investment Organization. Investors are also entitled to transfer their earnings abroad in the same currency with which their projects were established according to the highest exchange rate announced on the Egyptian foreign currency market.

An investment project is entitled to import all of its production, material, tool, and equipment needs without having to register in the importers registry and without the government having to make available the foreign currency needed for import operations.

A new development in the unified investment plan is that it fully grants Egyptians, Arabs, and foreigners an opportunity for equality regarding its advantages. The law gives priority to Arabs as well as Egyptians regarding investment projects, in view of the fraternal relationship

of cooperation, which is a part of life in the Arab nation, and in the framework of unified Arab action to solve Arab economic problems.

#### Investment Problems

Although the Unified Investment Law does solve numerous problems faced by investors, Egyptian businessmen who welcomed it are still calling for more freedom for the private sector.

Businessman 'Isam al-Sayyid Taha states that the law's most important aspect is its provision of a suitable climate and the restoration of confidence which had been lost regarding the seriousness of the investment policy in effect before the law was issued. The new law, he maintains, has successfully solved many problems, but we still advocate opening the door to commodities importing activities and solving unresolved problems with banks, due to increased project indebtedness following the increase in the exchange rate and a decline in the value of the Egyptian pound relative to foreign currencies during the past 2 years. Businessman Muhammad Faraj calls on the Egyptian government to assist serious investors by opening new markets for products produced by the investment projects. He further advocates that the government not be satisfied with merely formulating good regulations for establishing investment projects, but should also strive to achieve the full success of investment projects. The governments of Southeast Asia have successfully transferred their entire societies into a productive phase and are invading the world with products manufactured in their countries.

Muhammad Faraj also calls on the government to resolutely turn away investors who demonstrate a lack of seriousness, especially those who exploit the positive investment climate in Egypt to seek quick profits and smuggle their funds abroad or flee with them. The government must encourage serious investment, but not all types of investment.

#### No Nationalization, No Confiscation

Wafd Party deputy and businessman Yasin Siraj-al-Din states that the new law guarantees numerous advantages to investing in Egypt, especially since it prohibits the nationalization or confiscation of any investment project, and it exempts investment products from any stipulations aimed at the imposition of compulsory prices on the products produced by investment companies, except prices of some goods for which the cabinet is legally entitled to establish prices. Siraj-al-Din believes that exceptions to the rule are unnecessary, and that goods produced by investment projects should not be subject to compulsory pricing.

#### Propelling the Egyptian Economy

Economic experts expect that the Unified Investment Law will help to propel the Egyptian economy forward in light of the decline in the profitability averages of deposits and investments worldwide, at a time when investment projects in Egypt are achieving high profitability.

Economic experts also expect that the climate of Arab rapprochement and the joint desire to achieve Arab economic integration will be reflected in the growth of Arab investment activity in Egypt in the near future. It is expected that total investments will exceed 13.18 billion Egyptian pounds by the end of next year, in light of the agreements and applications to establish projects currently being submitted to the General Investment Organization.

### Study Traces Public Sector Electricity Consumption, Prices

900A0036A Cairo AL-AHRAM AL-IQTISADI  
in Arabic 18 Sep 89 pp 28-33

[Article by Dr Raja' 'Izz-al-Din]

[Text] In the previous segment, we mentioned that Egypt is certain to face a shortage of primary energy sources by the year 2000 due to increasing average annual demand for energy sources and simultaneously declining oil and natural gas reserves, on which there is exclusive dependence for electricity generation to meet the growing demand for electricity. We also mentioned that the expected demand for primary energy sources for generating electricity will reach the equivalent of about 28 million tons of oil in 2000, requiring us to create a mixture of policies to ensure a carefully considered transition to a period of steadily declining oil production. In this part, we present the most important policies which act to reduce demand for electricity. The experiences of other states in energy control has proven that the price system is the best means for raising consumer awareness of the importance of this valuable commodity. Therefore, we will attempt to clarify the electricity price structure in Egypt with a view toward price control, so that price of electricity will come to reflect its actual, economic value based on its scarcity.

Let us now move to clarifying the expected effects of the electricity pricing policies of the industrial sector and the household and commercial sector in two parts, dealing with electricity price control in the industrial sector and the household and commercial sector respectively.

Average consumption for household and commercial purposes (stores, offices, and clinics) fluctuates around 8 percent of total consumption, followed by government agencies, whose share of total consumption fluctuated between 2 to 4 percent during 1965-83, jumping to an average of about 12 percent during 1983-86. The agricultural sector is in last place with a share which fluctuated around 8 percent during 1965-75, declining gradually to an average of only 5 percent during 1976-86.

The industrial sector is the largest consumer of electricity, consuming about 55 percent of total consumption.

A strategic study prepared by the Ministry of Electricity and Energy, which treats the balances and flows of different energy sources in the sectors of the national economy, notes that, compared to other sectors, the industrial sector will continue to be the largest consumer of all energy sources through to 1995, when it is estimated that it will consume the equivalent of 19 million tons of oil from different energy sources, or 48 percent of the total consumption of all sectors. Industry is followed by the household, commercial, governmental, and municipal sector, whose estimated consumption totals the equivalent of 11.7 million tons of oil, or 29.6 percent of the total consumption of all sectors. The transportation and communications sector follows with the equivalent of 6.7 million tons of oil or 16.9 percent of total consumption. Finally, the agriculture sector is expected to consume the equivalent of 2.4 million tons of oil, or 6 percent of the total consumption of all sectors of the national economy.

**Table No. 1: The Development of the Consumption of Energy of Sources in the Industrial Sector, 1985-2005 (in thousands of tons of equivalent of oil)**

Years/Type of Fuel	1985	Total of Industry/ percent	1990	percent	1995	percent	2000	percent	2005	percent
Butane Gas	100	0.9	150	0.9	220	0.9	330	1.07	440	1.17
Gasoline	70	.65	100	0.6	160	.69	220	.72	290	.77
Kerosene	7	.06	10	.06	10	.04	17	.05	20	.05
Diesel Fuel	390	3.63	620	3.75	900	3.86	1,290	4.20	1,500	4
Heavy Oil	3,680	35.48	5,006	30.31	6,200	26.62	7,970	25.93	10,380	27.7
Natural Gas	1,700	15.83	2,800	16.95	4,300	18.46	5,790	18.84	7,260	19.37
Coal	1,500	13.97	2,100	12.71	4,000	17.17	5,500	17.89	5,500	14.77
Electricity	3,290	30.64	5,730	34.69	7,500	32.2	9,620	31.30	12,080	32.24
Total of Industry	10,737	100	16,516	100	23,290	100	30,737	100	37,470	100
Total of Economic Sectors	24,930	56.93	38,060	56.6	52,970	56.03	69,030	55.97	84,630	55.72
Total Industrial Consumption in Relation to National Consumption %		43.07	—	43.4	—	43.97	—	44.53	—	44.28

Source: The table is extracted from statistics and bulletins of the Supreme Energy Council pertaining to balances and flows of energy sources until 2005.



Table No. 1 indicates that the industrial sector consumes primarily electricity, followed by diesel fuel and diesel fuel products. This would be justified if the electricity sector were to support industrial electricity needs with coal or nuclear-generated electricity, although this would require immediate action to construct coal and nuclear power stations. Given the financing difficulties this would entail, we expect that the industrial sector's demand for different energy sources, including electricity, will be difficult to fulfill in the manner put forward in Table No. 1 for the following reasons:

- A lack of electricity sector investment during the 1982-87 5-year plan, which is leading to a shortage of industrial sector needs during the 1988-92 plan and subsequent 5-year plans.
- The delay in the Egyptian nuclear program, which is leading to an increase in the shortage during and after the 1992-96 period.

These indicators actually clarify the reasons requiring a expeditious decision to monitor the course of energy and determine areas of waste and means to eliminate waste.

#### Electricity Pricing and the Industrial Sector

The public industrial sector is considered the first area for energy control for two main reasons:

- 1) The large size of its production units and their high energy consumption.
- 2) the centralization of decisionmaking, which is carried out through a mixture of policies conforming to the circumstances governing the complex weave of the public sector.

For example, the control effect will not be achieved if the state is merely content to raise electricity prices without combining such an increase with other measures in the public sector, which consumes about 1/2 of electricity nationally.

An increase in price must be accompanied by measures which aim to raise production efficiency to absorb a portion of the increase in costs, such as the use of solar heating in industrial heating processes and the use of currently available technology at economic rates, (to be detailed in the next part), to limit excessive spending on energy sources currently used for heating processes, such as electricity (the most expensive energy source, because 1/3 of its heat content is lost in the process of transforming primary sources into electrical energy), diesel fuel, diesel oil, or natural gas. A price increase must also be combined with tax structure and income distribution measures to protect the poor.

It should be emphasized that a significant portion of the electricity consumed in the public industrial sector can be attributed to outdated production modes and the continued use of machinery whose hypothetical life has

ended in the absence of the timely performance of replacement and refurbishment procedures.

The public sector controls the five main, energy-intensive sectors: aluminum, fertilizers, iron and steel, cement, and textiles. Although electricity, materials, and fuel are sold to these industries at very low prices, amounting to a substantial measure of government subsidization to allow them to continue production, the steel industry realizes but a small profit margin. The cement and aluminum industries realize limited earnings in export markets, although these earnings are transformed into an absolute loss. This is especially true in the aluminum industry, if one takes into account the value of electricity consumed by this industry according to economic rates, or if one takes into account the cost of an alternative energy source, i.e., the calculation of the value of the diesel oil needed to generate electricity for this industry at world prices (which is detailed in the next part). As for the textiles industry, it incurs losses despite obtaining energy at subsidized rates.

It can be asked to what extent an increase in prices for electricity, material, and fuel would affect the public industrial sector.

The political administration has recently noted a decline in electricity prices, which reflects a substantial decline in the prices of other commodities. The aforementioned prices have remained virtually fixed for close to 15 years, which has led to an increase in the subsidization of electricity in addition to the following:

- The continued decline of the real value of electricity prices has led to waste of this precious resource.
- The oil reserve has been consumed as a result of the increase in demand for oil products to generate electricity.
- Investment decisions have been diverted from a sound course due to the pricing of electricity, materials and fuel at prices lower than their real economic value based on their scarcity.

Nonetheless, an increase in the prices of electricity, materials, and fuel would tend to arouse awareness of the importance of energy resources and the need to avoid wasting them.

The cabinet agreed to increase electricity prices gradually, as explained in the box [on page 32 of the original, which is untranslated here]. We will present a final picture based on the tariff applied as of 1 May 1987 to different voltages, and the extent to which it has achieved the goal of controlling electricity consumption.

#### Medium and Low-Voltage Electricity Prices as of 1 May 1987

The public sector electricity sales tariff is divided into two main parts. The first pertains to consumers who use less than 500 kilowatts. This group is treated according to the brackets into which their annual consumption falls, at a rate which decreases as consumption increases.

The second part pertains to consumers whose productive motive power capacity exceeds 500 kilowatts. They pay an annual fixed installment as their first tariff bill, which is equal to their participation in capital costs, and they pay the second half, which represents the costs of energy, according to their production units' number of annual operation hours.

The price of energy decreases as the number of annual operation hours increases. Thus, the highest rate is paid by one whose number of annual operation hours is less than 1,000 hours, and the lowest rate is paid by one whose number of annual operation hours exceeds 5,000 hours, as explained in Table No. 3.

**Table 3: Medium and Low-Voltage Electricity Prices as of 1 May 1987**

Capacity up to 500 kilowatts			Capacity Greater Than 500 kilowatts					
Decreasing Tariff According to Consumption Bracket			Fixed Annual Installment, Egyptian Pound/Kilowatt	Decreasing Tariff According to Hours of Operation		Average Sale Price/.0001 Egyptian pound	Expenditure for Electricity in Egyptian Pounds	Probable Average per Kilowatt Hours/.0001 Egyptian Pound
Annual Bracket, kilowatt hours/.0001 Egyptian Pound	Annual Price, Kilowatt Hours/.0001 Egyptian Pound			Hours of Operation	Total Price, .0001 Egyptian Pound/Hr			
First 70,000 kilowatt hours	Probable Average	56.7	17.4	1,000 Hours	31.3	31.2	31.3	
Following 100,000 Kilowatt Hours	46.2	50.58	Determined According to Capacity	Following 500 Agreed Hours	29.4	30.5	45.9	22.7
Continued Consumption of This Amount Until the End of the Year		44.1		The Following 1,000 Hours	25.6	28.52	71.5	
				The Following 1,000 Hours	22	26.66	93.5	
				The Following 1,500 Hours	16.7	23.67	118.5	
				Continued Consumption of This Amount Until the End of the Year	14.3			

Source: Egypt Electricity Organizations

It is worth mentioning that medium and low-voltage electricity is sold to small industrial sector participants, while high-voltage electricity is sold to four main users: The aluminum complex at Naj' Hamadi, the chemical fertilizer company in Aswan, the oil pipe company SUMED and the Portland cement company in Asyut, which have been augmented in 1989 by the ferrosilicon plant in Idfu and the iron and steel company in al-Dakhilah. All of these are electricity-intensive industries, consuming 10.5 percent of Egypt's total electricity consumption.

Egypt Aluminum is considered the largest electricity user, consuming about 3.4 billion kilowatt hours per year

(i.e., the equivalent of half the electricity produced by the High Dam), valued at about 25 million Egyptian pounds at a price of 7.7 thousandths of an Egyptian pound per kilowatt hours, which is the lowest price at which the different electricity voltages are sold. It is followed by chemical fertilizers which consume a total of about 1.6 billion kilowatt hours per year, valued at 1.45 million Egyptian pounds, at a price of 8.7 thousandths of an Egyptian pound per kilowatt hour. In third place is the Iron and Steel Company, followed by SUMED and finally, Ferrosilicon. The preceding is explained in Table No. 2, which contains electricity prices for high and ultra-high voltages.



**Table No. 2: The Sale of High and Ultra-High Voltage Electricity (Amounts in Millions of Kilowatt Hours)**

Industrial Companies	Amount	Kilowatt Hours/.0001 Egyptian Pound	Land Reclamation Companies	Kilowatt Hours/.0001 Egyptian Pound
Suez Cement Co.	2.98	40.534	Reclamation Project (Irrigation and Drainage) 65.71	26.548
Alexandria Cement Co.	66.9	29.736	Reclamation Project (Youth), 26.81	19.305
al-'Amiriyah Cotton Thread	75.04	25.513		
Egyptian Petrochemicals Co.	4.75	24.493	Irrigation and Drainage Projects (Alexandria), 252.63	11.700
Mahallah al-Kubra Cotton Thread	78.66	23.531	(Lower Egypt), 123.25	11.700
Portland Cement	60.85	23.332	(Canal), 21.39	11.700
Egypt-Iran Weaving and Textiles	61.5	16.253	(Upper Egypt), 218.99	11.700
Talkha Fertilizer Plant	361.23	13.550		
Abu Qir Fertilizer Plant	5.88	12.200	Land Use Projects, 25.05	11.700
Egypt Chemicals	140.63	12.200	Other Purposes	
Al-Nasr Oil	174.89	12.200	Other Purposes	
Alexandria Oil	115.39	12.200	Other Purposes	
Shipyard	9.22	12.200	Broadcast transmission (Tarab), 18.73	62.8
Radio Factory	50.56	10		
Sumyir Co.	204.68	9.600	Hot spring pipes, 0.13	35.283
Iron and Steel in al-Dakhilah	320.69	9.600		
Chemical Fertilizers Company	1,603.7	8.700		
Aluminum Complex	3,044.9	7.7		

Source: Egypt Electricity Organization

Actually, the subsidy provided in varying degrees by the electricity sector to different industries, and the hidden subsidy provided by the oil sector, distort any attempt to objectively evaluate the aforementioned industries. In my estimation, none of these industries would show earnings if they were revaluated using economic electricity prices or the prices calculated by the investment companies.

#### **The Increase in the Prices of Electricity Sold to Investment Companies Subject to Law No. 43**

The investment companies calculate the tariff shown in Table No. 3 to obtain the fuel subsidy difference, which represents the difference between the high price and the subsidized price of oil products used to produce electricity sold to the investment companies. The prices are changed every 3 months according to the actual high prices of oil products. This difference does not favor the electricity sector. However, according to Oil Ministry Decision No. 42 of 1981, it is obtained to the advantage of the Oil Organization by the graduation of the difference between the high price and the subsidized price of oil materials for 5 years starting in January 1980 and by the delayed application of the decision until 1982, after which adjustments were carried out once for a 2 year-period, which resulted in a gap in the financing structures of investment companies. Starting in 1984, the

calculation of the full difference of the fuel subsidy has been carried out every 3 months with retroactive force.

The basic average price of a kilowatt hour of medium-voltage electricity (power higher than 500 kilowatts) was 24.3 thousandths of an Egyptian pound during 1985-87, when the fuel difference fluctuated between 25 thousandths and 56 thousandths of an Egyptian pound per kilowatt hour.

For low-voltage (power up to 500 kilowatt hours), the average basic price of a kilowatt hour was 38.4 thousandths of an Egyptian pound, and the fuel subsidy difference fluctuated between 26 and 60 thousandths of the an Egyptian pound per kilowatt hour during the same period.

#### **The Investment Companies Subsidize Public Sector Electricity**

It is clear that the investment companies bear the cost of acquiring energy to a greater degree than the private and public sectors. In addition, the electricity sector levels the fuel subsidy difference for long periods, up to 2 years, without preceding the leveling with an announcement in a timely enough manner to allow producers to arrange their affairs to prevent the leveling from affecting the financing structures of projects. Here, the question

arises, why must the investment companies bear prices which greatly exceed those born by the public sector?

Even though investment companies produce under the same market conditions—in the case of production for the local market and for Egyptian investors—investors nonetheless must bear the elevated electricity prices if their production is for export. We note, on the other hand, that some public sector export industries, such as aluminum and ferrosilicon, which export more than 80 percent of their total production, have structured their economic benefit analyses on unsound bases, namely subsidized energy prices, and are, in a sense, exporting cheap energy.

This issue requires expeditious reexamination of the pricing of public sector electricity on sound economic bases in order to stop the energy drain, especially the drain from losing projects. Indeed, the sale of electricity, material, and fuel to the public sector at economic prices will double the losses of losing projects, and companies realizing a small profit margin will become losing companies.

Actually, increasing electricity, material, and fuel prices to make them reflect their real economic value would tend to direct the investor in the private or public sector to select projects economically and soundly according to the principle of distributing economic resources to competing investments.

Despite the uninterrupted increase in the prices of electricity, materials, and fuel during the last 5 years (which we clarified in the previous segment), a decline is still reflected in the real value of these resources. Thus, the general median electricity tariff that has been applied fluctuates between 8.3 and 16.4 thousandths of an Egyptian pound per kilowatt hour, whereas the median electricity tariff applied to the investment sector fluctuates between 7 and 10 piasters per kilowatt hour during the same period.

In my estimation, as long as electricity prices do not reflect the real economic value of electricity, correct indicators of the extent of profit or loss of any industry nationally will not be available.

The truth is that there is a widespread fear of making a decision to increase electricity prices, because that could unleash comprehensive inflation, which would lower consumers' living standard.

#### **The Dangers Posed to the Public Sector by Increasing Electric Prices**

In a research study of the effect of an increase in electricity, materials, and fuel prices on the production costs of different industries, it was concluded that an annual 25-percent increase in electricity, materials, and fuel prices would cause a 5-percent increase in the median prices of finished industrial products, a 3.8-percent increase in the price of agricultural products, and a 2.6-percent increase in the prices of services. This increase, the study maintained, would lead to about a

3.6-percent decrease in demand for energy and would enable us to bring energy prices to economic levels over a 10-year period; simultaneously, industries would be able to absorb a large measure of the increase in costs by increasing the efficiency of their electricity usage and reducing the percentage of electricity losses.

#### **Controlling the Electricity Subsidy**

The electricity tariff applied to the industrial sector still does not represent that economic tariff which could result in efficient electricity usage. In my estimation, the electricity subsidy must be discontinued, and the electricity sector must sell electricity at economic rates. If the state decides to create a subsidy for social or political reasons, the general state budget should bear this subsidy directly, so that the energy drain from industries considered absolute losers will not continue, since the value of electricity consumed by them is calculated on the basis of the unit cost (i.e., by assuming the generation of electricity from a currently-existing calorie through the consumption of high-priced fuel). I will present some glaring examples of electricity misuse in the industrial sector in the next segment.

#### **How Can We Use the Pricing Policy To Confront the Electricity Crisis?**

Price policy is considered one of the most important tools in controlling electricity consumption. An increase in electricity prices tends to stimulate awareness of the importance of electricity, the need for economy and the need to avoid wasteful consumption.

We recommend the application of a double tariff to the industrial sector. Thus, the electricity tariff would be divided into two parts as follows:

1. The sum paid for the contract, as an expression of the direct cost of the services which are consumed, such as electricity hookup costs, the leasing and insuring of meters, etc.
2. The price of energy according to the time of consumption, i.e., the time-of-day-tariff: the peak-period rate; and the nonpeak-period rate.

The preceding takes into account the substantial difference in electricity production costs depending on the time of consumption, given that peak evening energy is supplied by gas generation or combustion turbine stations, because, being an internal combustion machine, they are quick to ignite to meet peak demand as soon as it occurs (the generation, transmission, and distribution of electricity are carried out upon demand).

The capital costs of gas turbines are low, but their operating costs are high. Moreover, the diesel fuel combustion turbine in use is considered to be wasteful of limited energy resources due to its low efficiency, which

does not exceed 22 percent, and the relative highness of its operating and maintenance costs, since the energy which it generates costs more than energy generated by conventional steam units.

In a study of load curve on the electricity grid during 1987, it emerged that the most extreme load during the day totalled 6,152 megawatts of energy amounting to 111.8 million kilowatt hours, and the lowest load on the unified grid totalled 2,896 megawatts, meaning that 53 percent of the generation capabilities were mobilized to cover only 4 to 5 hours, which constitute the peak period.

Based on this, the application of a high electricity rate during peak periods will compel consumers to remove their loads from the high-cost evening period. This would reduce energy production costs, increase returns from sales made by the electricity sector, and demonstrate the effect of control in the industrial sector, because an increase in peak electricity rates is an incentive for industries to remove their loads from peak periods in deference to the difference in electricity rates between peak and nonpeak load periods, which is as follows:

	Nonpeak Period Price	Peak-Period Price
High Voltage	1	3.44
Ultra-High Voltage	1	3.87
Medium Voltage	1	4.32
Low Voltage	1	4.71

Source: 'Abd-al-Fattah al-Qadi et al., paper presented to the Electricity Control Conference, Cairo, January 1985.

Industries which use energy intensively, such as the cement, chemicals, and other industries, can transfer their industrial operations to nonpeak periods. Likewise, all industries which operate on a single or double work-shift system can perform maintenance operations during that period.

Initially, we can apply this policy to several industries. The savings can be calculated by obtaining the difference between the quantities of electricity consumed before and after the increase in peak prices (assuming that nonpeak prices remain as they are at present), and by measuring the control effect in energy production plants. The control effect of the peak-period pricing policy will have been achieved when less energy is used to obtain the same result obtained before the increase in electricity rates.

I should emphasize that increasing energy use efficiency in the industrial sector requires the allocation of some investments to utilize available energy-use technology. These investments would be justified by the return to the national economy as a result of energy savings. If this policy achieves its objectives, we will subsequently be able to apply it to the rest of the industries.

### The Position of Industries Which Cannot Be Shut Down During the Peak Period

Such industries would attempt to replace electricity with relatively cheaper fuels, such as the substitution of solar heating for electricity in industrial heating operations. In addition, such industries would be encouraged to discover areas in which they can improve the efficiency of their electricity usage. If electricity prices are not stimulated, the revenues of the electricity sector will decline sharply, causing it to fall back on the state budget to finance its investments. Such a development would increase the financial burden on the government, and strengthens the trend toward financing the deficit, which would lead to the inflation of the prices of other commodities and a greater decline in electricity prices. At the same time, none of the industries would attempt to replace energy sources of which there is a surplus with scarce sources. Therefore, electricity must be used only for purposes for which no alternative source exists.

### Directing Investment Decisions

One of the most important effects stemming from an increase in energy prices is the basing of investment decision on criteria which express real economic value. This speeds the growth of the national economy, which shows a return in the commercial balance, the state budget, and individual income.

### Haykal Disagrees With Country's Role as Mediator

900A0055B London AL-TADAMUN  
in Arabic 2 Oct 89 p 18

[Article: "Haykal: Egypt Is a Party in the Conflict, Not a 'Mediator' Between the PLO and Israel"]

[Text] The well-known Egyptian journalist Muhammad Hasanayn Haykal has criticized the idea of Egypt's being a "mediator" between the PLO and Israel and has rejected the idea of holding an Israeli-Palestinian meeting under Egyptian supervision in Cairo, even if the PLO accepts and its chairman, Yasir 'Arafat, approves.

Mr Haykal said that his reasons for rejecting the idea are clear. Egypt is an original party in the struggle going on in the occupied territory. It cannot be a mediator. The nature of a mediator's function will be to persuade or pressure the parties to offer mutual concessions. Egypt has no means available for putting pressure upon Israel; thus, it will find itself putting pressure only on the Palestinian side. This is an exhausting position for everyone.

Haykal used the government of Sweden as an example. He said that it had played a prominent role in preparing for this phase of intensive effort concerning the Palestinian issue, but that it was reluctant for the meeting to be held in its country. He said that when the pressure was concentrated entirely on the Palestinians, the Swedish government volunteered to host contacts between the sides. When it came time to put pressure on Israel to



offer concessions corresponding to those the Palestinians had offered, the Swedish government declined and left the job to others. "Why," he asked, "shouldn't such a meeting be held at the United Nations? Isn't it the best and most suitable site?"

In suggesting holding the meeting at the United Nations, Haykal was responding to a statement by Israeli Defense Minister Yitzhak Rabin to some of those who met him in Cairo: "Please, we do not want to hear the name of the United Nations mentioned by you or by anyone else."

The well-known Egyptian journalist said that Egypt, which has returned to its Arab nation, is required to be careful in the image it presents of itself to Arab public opinion, no matter what has been said about the weak pulse of this opinion in the current stage. Thus, he said: "I claim that Arab public opinion is still not comfortable with Egypt's relationship with Israel. Nevertheless, it accepts it reluctantly as a fait accompli, because it is eager for the return of Egypt, with its history, to its natural place in the heart of the Arab world." He added, "Opinion in the Arab world was not comfortable when an Egyptian envoy visited Israel immediately after the conclusion of the Casablanca summit at which Egypt returned to its Arab nation." Arab public opinion was not happy at the sight of Rabin coming to Cairo from sites of violence and repression in the occupied territories, and going to the Square of the Unknown Egyptian Soldier to lay a wreath.

Muhammad Hasanayn Haykal went on to say, "I do not think that Arab public opinion is enthusiastic about Egypt's playing the role of mediator between the Palestinians and Israel, nor will it feel at all comfortable if it finds Egypt, God forbid, pressuring the Palestinians to offer more concessions out of a desire to make the negotiating process succeed."

At the end of his article, which was published in the Cairo newspaper AL-AHRAM on Sunday, 24 September 1989, Haykal said: "I fear that most of what we are seeing now from America and Israel is merely maneuvering to outflank the intifadah and the Palestinian people. One should keep in mind that for Egypt the most important element in the subject—naturally, after the pan-Arab commitment—is that Palestine is Egypt's only land bridge to Arab Asia, even in the age of airplanes and missiles." He said that Palestine is crucial to Egyptian security.

He warned of the outcome of America's "calm, cold" policy, which may eventually reach the point of drawing a new map of the region. The age of major settlements, he warned, has objective, real, and historical conditions very different from the age when new maps were drawn by the individual will of a single powerful party.

### Column Decries Mufti's Ruling as Part of Non-Islamic Trend

900A0025 Cairo AKHIR SA'AH  
in Arabic 20 Sep 89 p 54

[Column by Hamid Sulayman: "Taboos in Islam"]

[Text] Intellectual sterility in the Islamic arena—as widespread as it is—has taken us to an unfortunate degree of stupidity and backwardness. We have even come to consider the baring of a woman's face to be the greatest taboo while, at the same time, we do not consider baring the Islamic World's frailty, the occupation of its lands, and the turning away from basic precepts to be taboo!

Thus, the "men" of this world felt no distress when enemies penetrated its borders in the early part of this century, took away its decisionmaking sovereignty, and violated all its holy places, despite Allah's order that "Whoever attacks you, attack them in the same way." All of this does not affect their innermost honor. If they have failed in the religious duty of defeating the enemy, they content themselves that they have succeeded in the duty of veiling women!

This is only a simile, out of disdain for the concept of what is forbidden or permitted in Islam. The major things that are intertwined with fate have been permitted, while the minor things are forbidden—the reverse of the scriptures!

Throughout the centuries, we have studied in Koranic and secular schools that a woman goes to hell to be tortured and killed. However, God has not revealed a "legal decision" to determine for us the law of Islam regarding the Ayatollah Khomeyni, after his policy resulted in the deaths of two million Iranians and Iraqis—liquidated because of an old personal score between him and Saddam Husayn!

Therefore, the Islamic world lives in the shadow of "major things" coexisting with "minor things," praising taboo laws that the silence of the ulema and legalists make legitimate, while the people are left to sink into an erroneous belief of the permissible, which is guarded by fanaticism in general and cowardice in particular.

We have seen Mu'awiyah steal the caliphate from 'Ali through the use of the Koran's arbitration. This was the first "permissible intended to be forbidden." We have seen Yazid deem it permissible to bleed al-Madinah for three days, slaughtering its men and regarding the women as fair game. We have seen al-Ma'mun think it permissible to assassinate his brother al-Amin, breaking the necks of his opponents on the altar of a taboo that he invented as a revelation of the Koran, while the "actual taboo" was the existence of this type of ruler who took the legitimacy of the "democratic" Islamic regime, based on choice and consultation, and turned it into a dictatorial regime.

Therefore, the Islamic Community has inherited a plague of "erroneous permissibility," which has overcome the actual forbidden matters, while we have

inflated the minor taboos, regarding them as the most major factors. The time has now come when it is permitted to hide the intellects of the people in collective Sufi liturgical exercises a permissible activity, while they are permitted to be in contact with the wellsprings of our civilization. The strongholds of science in Europe are forbidden, but research into the "miracles" of some of the decrees of the Mameluke era and the French campaigns is perhaps more astonishing, as well as shameful.

Some say that this is what happens in some times of intellectual "decline," but the images are still multiplying.

The actual taboos are still covered by scores of veils and silken justifications, while the minor or spurious taboos are interpreted by a thousand restrictions and religious decrees.

Ordinary people depositing money in banks is forbidden, and all transactions therein are forbidden, whether investment or savings, either for the benefit of individuals or the state. This was done without looking into the types of transaction in these banks, and without seeing whether such interest in pre-Islamic times led to exploitation, or idleness, or to utilization or nonuse of capital. But this is not our topic today.

However, our topic is: Why do they raise a clamor with a religious decree over people making deposits in banks, while these very vocal people remain silent about the "VIP's" of the "petro-Islamic" state making deposits in the banks of Europe, America, and Japan, most of which are Zionist-owned—despite the fact that we know they give some profits to Israel, while the rest keep us in debt.

Isn't what happens to Muslim capital (a certain taboo) protected by a suspicious silence, while what happens in Egypt's banks (an uncertain taboo) is shamefully clamored over?

In this same financial arena, we hear a lot of talk about zakat [Islamic charity], that one who fasts shall not go to heaven unless he does the zakat of Id al-Fitr [Feast of Breaking the Ramadan Fast], and that there are zakats of agriculture, commerce, and finance, especially the deposits which are made each year. We hear that they can only be "purified" by paying 2.5 percent per 1000 Egyptian pounds each year. I see that the small depositors here, whose deposits may not exceed 5000 Egyptian pounds, are fighting against this zakat (despite their dire need for it). The important point here goes beyond zakat on money deposited by small savers and the need for the obligation of zakat. The point is that what they eat, drink, and wear is subject to taboos, while I have not heard a single decree regarding a prohibition against depositing 1 trillion by the Islamic nations in European banks, despite the fact that the zakat on these funds amounts annually to \$25 billion, all of which is owed to the poor Islamic and Arab nations. Zakat—which the wealthy Muslim owes to the poor Muslim—is also the obligation of the wealthy Muslim nation to the poor nations. Despite the existence of this fundamental and

enlightened Islamic legal precept, I have not heard any Islamic scholar so much as whisper about it in any forum, or any speaker raise any clamor over it at any conference! Nevertheless, such a courageous decree as this might spare us continuation of the north-south dialogue, since the wealthy North could choose whether or not to condescend to restructuring the debts.

Is this not the "actual taboo" that the Islamic world lives in, a world in which God wanted "a better community to come forth for the people," and in which "the highest hand is better than the lowest." Yet, examples of taboos proliferate.

Even if I were not dedicated to personal steadfastness, to revealing imperfections and stripping away ignorance, these are merely examples of the forbidden that have become permissible in this wicked Islamic era. All I wish to do is to remove our intellectual blinders, so that some day we shall see the forbidden as taboo and the permitted as permissible, and put an end to that political, economic, and social farce in which the Islamic community lives and which causes as much ridicule as tears.

## ISRAEL

### IDF Commanders Look Toward Coming Year

44000044 Tel Aviv BAMAHA  
in Hebrew 27 Sep 89 pp 16-20

[Text] 44000044 [Editorial Report] Israel Defense Forces [IDF] magazine BAMAHA carries a series of short articles in its 27 September 1989 issue on pages 16-20 concerning commanders' views for the coming year. Northern Commander Brigadier General Yosi Peled comments on recent Syrian activity in acquiring attack capability. He does not see danger, in the near term, of a border clash. Northern Command goals for the coming year do not differ from the previous year. Operational preparations are being emphasized, particularly in day-night training activity. Peled sees three major areas of concern for the coming year: 1) Deterrent force capability on the Syrian border through high-level training activity. Training should adapt to changing conditions with coordination and integration between the various field elements.

- 2) Defense of settlements in the north, particularly on the Lebanese border. Defense against border penetrations and firing of Katyusha rockets from Lebanese territory will be the concentration.
- 3) Peled is placing an emphasis on discipline and safety, owing to the number of traffic accidents soldiers have been in. According to Peled, the reason Israel is subject to acts of terror in the region are two-fold: Israel exists and its inhabitants are Jews.

Southern Commander Matan Vilna'i speculates that the coming year will be quieter. Efforts will be made to keep Gaza and the Egyptian border calm. Vilna'i describes



events as occurring in waves—violence, then calm. The principal task is to maintain control over the streets in Gaza and keep them from falling under the control of masked agitators. Regarding the Giv'ati brigade, next year will be much better given efforts to improve its image at home and abroad.

Air Force Commander Brigadier General Aviyahu Ben-Nun wants to take lessons learned from this past year and apply them to the coming year, specifically on the operational, preparatory, and manpower levels. The main concern is how to absorb new combat equipment into the inventory such as advanced helicopters, and F-15's and F-16's. At the same time manpower concerns will be addressed so trained personnel will be available to handle the new equipment. The Israeli Air Force [IAF] will continue to concentrate activities against terrorism from Lebanon and other types of hostile activity.

BAMAHANE gives an overview of IAF activity over the past year. Twenty-four strikes were successfully carried out against 50 targets. In these strikes 100 "terrorists" were killed and 200 were injured. Training bases, installations, and weapons storage facilities were destroyed. Various types of aircraft carried out the missions including Phantoms, Skyhawks, and Kfirs (according to foreign sources).

Ground Forces Commander Brigadier General Uri Sagi emphasizes comprehensive security activities in Judaea, Samaria, Gaza, and the border regions for the coming year. The IDF will continue to invest forces and resources in this area. Preparations for war will continue on reservist and regular army levels. In the area of training, Sagi hopes to see an increase in reservists, with regular army training remaining a primary goal.

Navy Commander Brigadier General Mikha Ram views 1989 as historically significant because of the Sa'ar-5 missile boat project and the Dolphin submarine project. The Navy also bought two additional Devora patrol boats. Ram hopes to eventually replace existing Daburs with new Devoras. Another important project in which the Navy is investing is the drone helicopter. Ram views this as a significant element in closing the gap between the Israeli Navy and regional fleets. Ram anticipates the inclusion of the submarine into the naval inventory.

Central Commander Brigadier General Yitzhaq Mordekhay speculates that the Central Command will be the focus for the coming year. Preparations will continue to be made for confronting the intifadah and maintaining security in the region. Integrated activity between commanders and soldiers is necessary to accomplish this.

#### **China Opens Tourist Office in Tel Aviv**

44230024B Tel Aviv DAVAR in Hebrew 22 Sep 89 p 3

[Article by David Moshiov]

[Text] The head of the Chinese tourism delegation to Israel, Tang Shanoki, said yesterday, "My comrades and

I will make efforts to encourage tourism, understanding, and friendship between the peoples of China and Israel."

The spokesman told journalists at a press conference at Beit Sokolov in Tel Aviv that the delegation had come to Israel in order to establish an office of the China International Travel Service (CITS) in Tel Aviv. The purpose of the company is to encourage friendship, mutual understanding, and the exchange of tourists between the Chinese people and peoples in other countries. Tang said that his company has had good relations with a number of Israeli travel firms for more than 6 months, and that during this time several hundred Israelis had visited China and many had shown an interest in visiting.

The Chinese office that will be opened in Tel Aviv will assist Israelis in receiving information including possibilities for touring in China. He expressed the hope that this Chinese tourism office will receive assistance from those involved in tourism in Israel. In response to questions, Tang said that the events of June in Peking had influenced tourism to China, but that stability had already returned and that today it is safe to visit his country.

In response to a question from DAVAR's reporter whether China would allow the opening of an Israeli tourism office in China, Tang said that with the development and growth of the movement of tourists between the two countries, if Israel requested to open an office in China he believed that this would be possible. The Chinese tourism delegation has seven members, and it is now engaged in all the preparations of opening an office in Tel Aviv.

## **JORDAN**

#### **Water Scarcity, Agriculture in al-Aghwar Examined**

900L0027A Amman AL-DUSTUR  
in Arabic 26 Aug 89 p 9

[Article by Dr 'Abd-al-Tawalibah]

[Text] Agriculture is a symbol of interaction between life and self-confidence after reaping the fruits of hard work. It is also the basis for self-sufficiency, the keyword of our nation's current phase.

Faced with continuing population growth and pressure to import food, even though imports consume urgently needed hard currency, we must increase the area of arable land and assure adequate water resources for this increase without delay or second thoughts.

The limited amount of agricultural land (about 6.5 percent of the kingdom's total area) and the water shortage are the main difficulties facing the agricultural sector.

The danger lies in these impediments—specifically the water shortage—casting their shadow over agricultural

areas on which our local market depends for vegetables, fruit, and other crops, as is the case regarding the Jordan Valley.

More than one indicator informs the visitor in al-Aghwar of the effects of the water shortage on agriculture and life there.

The ashen color of the land has begun to impose itself, as if it were challenging the green color which cloaked al-Aghwar as an impenetrable wall in previous years.

During previous field trips in al-Aghwar, we came to believe that leaving the land fallow was intended to let it rest and to comply with the agricultural rotation. However, farmers and inhabitants emphasized to us, not leaving any room for doubt, that the land has been left fallow in al-Aghwar due to the water shortage which has begun to invade the area.

The water shortage problem has also left its mark on the features of al-Aghwar's farmers, and it has come to dominate their conversations and their way of thinking about the future and the future of their land, their basic source of wealth.

Several farmers whom we met refused to speak with us on the record, for reasons with which we agree and disagree. The words exploded from their mouths as thunder, "there is no water, life has become difficult, we do not know what to do."

Several farmers stated frankly that if the current situation continues they will be forced to leave farming and migrate from the al-Aghwar area in search of another livelihood. This phenomenon is more a topic of discussion than an actual trend, although it is a warning sign.

Few of the farmers expressed the possibility of adapting to the current reality and continuing to cultivate their land within the constraints of the available quantities of water and its rationed distribution.

What is causing the water shortage this year in al-Aghwar, how can this problem be confronted, what are the alternatives and recommended solutions, what is the effect on agriculture in al-Aghwar, what do officials and farmers say in this regard?

These are the main headings of AL-DUSTUR's field trip to investigate the facts concerning the water shortage problem in al-Aghwar.

#### **What Is Causing the Problem?**

The irrigated agricultural land in al-Aghwar exceeds 300,000 dunums. This land depends on irrigation water from the Yarmuk River, the King 'Abdallah Canal, and the water collected behind the Wadi al-'Arab Dam, the Sharhabil Bin-Hasanah Dam, the King Talal Dam, the Wadi Shu'ayb Dam and the al-Kafrayn Dam.

The amount of water available from these sources depends primarily on rainfall, which consequently governs the distribution of water to agricultural units in irrigation and watering periods.

If we know that the average rainfall in the Jordan Valley this year was less than 50 percent of the annual average of good seasons, and did not exceed 160 mm, we can understand the reality of the problem, which led this year to the continuous irrigation of agricultural crops over the entire winter season as well as the other seasons, whereas in good years graced with ample rain, crop-watering in al-Aghwar ends in October and resumes in May.

In addition, there is a high evaporation rate, especially during the summer, and the cement irrigation canals are inadequate due to cracks and consequent water loss.

All of these factors have combined to give prominence to the water shortage problem casting its shadow over farmers in al-Aghwar this summer.

The water shortage problem stands out particularly in northern al-Aghwar, in al-'Adasiyah and Karimah, more so than in other areas of al-Aghwar, because northern al-Aghwar's 50,000-plus dunums of citrus and bananas require much more water than other crops. This means that 1/2 of the water needs in al-Aghwar must be allotted to northern al-Aghwar, which depends on the King 'Abdallah Canal, the Wadi al-'Arab Dam and the Sharhabil Bin-Hasanah Dam for its irrigation water.

This year has seen the storage of 15 million cubic meters of water behind the Wadi al-'Arab Dam, compared to 20 million cubic meters last year and 3.3 million cubic meters behind the Sharhabil Bin-Hasanah Dam, compared to 4.4 million cubic meters last year.

A decline in rainfall averages in the Jordan Valley this year has also led to a lowering of the water level in the King 'Abdallah Canal, which has clearly affected the force of its flow.

#### **The Water Shortage and Agricultural Production**

The first question springing to mind in a discussion of the water shortage being suffered by the farmers of al-Aghwar is the extent of the shortage's impact on agricultural production resources, especially since the Jordan Valley provides 35 percent of the kingdom's vegetables and fruits destined for the domestic market and export.

We directed this question to officials concerned with the water shortage problem in al-Aghwar and its impact on agriculture and farmers there.

Actually, none of them demonstrated a desire to respond clearly to this question, and they failed to enter into details and statistics, although the shortage's negative impact on al-Aghwar's agricultural production has been established quantitatively and qualitatively.

#### **Engineer Mazin al-Khasawinah**

Eng Mazin al-Khasawinah, the al-Aghwar agricultural director, demonstrated optimism in our discussion with him about the possibility of correcting the problem and preventing the occurrence of a negative fluctuation in al-Aghwar's vegetable and fruit production averages. He responded to our question as follows: In view of the water shortage, I expect a relatively slight reduction in this year's production. The problem, I believe, has not yet reached the danger point, although any additional water rationing, or a more acute water shortage than the existing shortage, will significantly affect production in the future.

The problem appears primarily in citrus and banana farms, inasmuch as their water requirements are substantial, and adequate amounts of irrigation water for these crops are unavailable, which will be reflected in production volumes. If the rains begin early in the coming season, production volume will not differ significantly.

#### **Solutions and Alternatives**

It is difficult to place responsibility for the acute irrigation water shortage on a specific agency. In any case, we asked about the extent of the usefulness of solutions instituted to confront the crisis, their actual effectiveness, and the method used to apply them in a discussion about measures taken in the Jordan Valley Authority with Dr Muhammad Bani-Hani, the general secretary of the Jordan Valley Authority, and Mr Hashim al-Shabul, the operation and maintenance director in al-Aghwar.

#### **Dr Muhammad Bani-Hani**

Dr Muhammad Bani-Hani stated the following: The rain shortage this year required the continuous irrigation of citrus trees and bananas through the winter season, as well as the continuous irrigation of the wheat and barley crops. This situation created an acute shortage in the quantity of water compared to the amount of water which had been available. The shortage's effects were eliminated through cooperation between the authority and farmers, the control of distribution operations, and a division of the deficit to achieve fairness among farmers, taking into account the differing water needs of crops and fruit trees.

There is also thought being given to raising the al-Kafrayn Dam, a study on the construction of the Unity Dam on the Yarmuk River has been prepared, and work is in progress to transform the cement canal irrigation networks supplying water to 56,000 dunums through pipe irrigation networks. This will help increase irrigation efficiency and reduce water loss. Plans, documents, and data have also been prepared to transform other irrigation canals into pipe irrigation networks supplying 72,000 dunums in 1990.

In addition, we will soon shift to operating projects with the use of computers, and we will intervene regarding types of agriculture so that a water deficit will not occur.

#### **Hashim al-Shabul**

Mr Hashim al-Shabul stated: "Due to the water shortage this year, we have been compelled to ration water according to the area of agricultural units, crop type, and soil age and type.

"Also, we have resorted to compressing the watering period into 5 days—instead of the week which applies in good seasons—for every agricultural portion (33,000 dunums). This allows greater irrigation efficiency and helps control water loss."

Mr al-Shabul mentioned the following solutions and measures: The use of modern sprinkler and drip irrigation methods and a shift from open channels to pressurized pipes for about 61-62,000 dunums.

#### **What the Farmers Say**

In talking with a farmer of al-Aghwar (northern al-Aghwar especially) one inevitably senses the worry which has come over him these days. He points to the severe conditions which have befallen him and the ensuing damages and afflictions, beginning with the severe frost which destroyed many crops in al-Aghwar last winter, and the season's drought, which was accompanied by increased seed and fertilizer prices and production costs.

Farmers also complain about measures taken by the Jordan Valley Authority immediately after the water shortage, such as water rationing and distribution, and the compression of the watering period.

Before moving to the views and complaints of farmers, it is only fair to indicate that Jordan Valley Authority officials emphasized that there is no sound basis to what is being said about a lack of fairness in the distribution of water to agricultural units.

#### **Farmer 'Abd-al-Karim 'Abdallah al-Dhiyab:**

"We understand the causes of this year's water shortage, but the problem lies in the method by which the Jordan Valley Authority distributed water to agricultural units, and the errors which were made. Under rationing, the authority assigned me 25 liters per second, but I received only 10 liters, because the watering period was compressed into an impossible 4 hours. All of the farmers suffer from this problem.

"There is yet another problem afflicting us, especially in the area which depends on the al-Zarqa' sprinkler project: Since the Jordan Valley Authority installed meters on the irrigation sprinklers almost a year ago, we have been required to pay for the air which flows from the irrigation pipes during the period preceding the water's arrival, so that we pay for double the amount which we consume."

#### **Farmer Salim Muhammad Sawa'i:**

"The water rationing carried out by the Jordan Valley Authority does not convince me, because the dams hold



sufficient water. Despite the paucity of winter water being mentioned, as we have seen this year, the dams are full.

"For example, I have ascertained with my own eyes that the Wadi al-'Arab Dam was filled with water as in previous years, without a shortage. I believe that it is sufficient to irrigate the area extending from al-'Adasiyah to the end of Wadi Rajib (northern al-Aghwar).

"We often hear about the pollution of water held by the dams and the danger of supplying this water to the King 'Abdallah Canal. From this, we can deduce that water is still being drawn from the canal for Amman. Why is it not said that this is causing the water shortage in al-Aghwar?

"If the situation continues in this way, I fear that agriculture in al-Aghwar will start to decline."

#### Farmer Marwan Abu-Sayyadu:

"I direct the following question to the Jordan Valley Authority: Why isn't water being drawn for Amman from the source of the Yarmuk River directly, leaving us with the canal and its supply with water from the dams, so that we can irrigate our crops adequately. It is well known that the authority has spent great sums to move the canal from the area of the Yarmuk River tunnel to the al-'Aridah Triangle [Muthallath al-'Aridah] to prevent the occurrence of pollution.

"Therefore, there should be no fear of pollution if the canal is supplied with water from the dams.

"For 3 years, we have been hearing about the project to shift to pressurized pipe irrigation, but nothing has been implemented. The authority should at least maintain the cement irrigation canals until it implements that project."

He also noted a lack of coordination between the Agriculture Ministry and the Jordan Valley Authority pertaining to agricultural methods, and interference between the al-Aghwar and al-Shafaghuriyah agricultural areas regarding agricultural seasons. These deficiencies produce disorganized agricultural timing, a lack of control over agricultural production quantities, and less than the optimal exploitation of irrigation water.

#### Farmer Rakan Jamil al-Fa'ur:

"Farmers in central al-Aghwar also suffer from the water shortage, although less so than in northern al-Aghwar. In my view, the shortage stems primarily from the decline in rainfall averages this year, and secondarily, from the paucity of water reaching al-Aghwar from the Yarmuk River tunnel.

"The water distribution rationing practiced by the Jordan Valley Authority is inescapable, and I believe that it benefits the farmer and helps him to continue to exploit the land."

## LEBANON

### Leading Figures React to Tripartite Committee's Communique

90OL0064A London AL-MAJALLAH  
in Arabic 26 Sep 89 pp 21-24

[Article by Wahib Ghurab in Jiddah, Muwaffaq Madani in Beirut, Ibrahim 'Awad in Tripoli, and Ilyas Harfush in London: "Lebanese Representatives and Leaders Tell AL-MAJALLAH: This Is What We Envision as a Solution"]

[Text] [Salim al-Huss] "A detailed return to the Casablanca resolutions."

[Nabih Barri] "We are calling for the liberation of people and land, and we are also calling for the establishment of rights."

[Marawan Hamadah] "An end to sectarianism; an Arab identity for Lebanon; and the liberation of south Lebanon."

[Patriarch Safir] "Lebanon is to remain a sovereign, free, and independent state with its natural borders."

[Jamil Kibbi] "A military settlement has failed; there is no alternative to a peaceful solution."

[August Bakhus] "The countries of the world are to support the Arab Tripartite Committee."

On the eve of the day on which the Supreme Arab Tripartite Committee's communique was issued and read in Jiddah by Prince Sa'ud al-Faysal, Saudi Arabia's minister of foreign affairs, AL-MAJALLAH went to a number of Lebanese officials, representatives, and leaders, and asked them a specific question: "How do you think a solution to the Lebanese crisis can be achieved?"

Direct dialogue between these Lebanese figures had been suspended for a long time. It was hoped that such a dialogue might be revived after the Supreme Arab Tripartite Committee's communique was issued recently.

The absence of dialogue among the Lebanese has become chronic. That is why Prime Minister Salim al-Huss says that dialogue has been replaced by artillery shells. The use of artillery shells instead of dialogue brought a variety of foreign elements into the picture and dragged foreign fleets into the Mediterranean across from Lebanon's shores. Nevertheless, the possibility that the Lebanese parties could have a dialogue remained nonexistent.

That is why AL-MAJALLAH initiated this dialogue between the Lebanese parties by asking them the following question: "How do you think a solution to the Lebanese crisis will be found?" The answers follow.



#### Salim al-Huss

Prime Minister Dr Salim al-Huss said, "We are optimistically looking forward to the resumption of the Supreme Arab Committee's activities. We hope the committee will succeed in its mission, and we hope it will implement the Casablanca Arab Summit resolutions."

Prime Minister al-Huss added, "The solution we envision is tied to the sequence of events which the Arab Summit resolution spelled out. Almost immediately after that resolution was declared, we announced our full support for it, and we declared our willingness to cooperate fully with the Supreme Arab Committee in its implementation. Let us recall once again the main points of that resolution, which stipulated that a new appeal be made for a complete and lasting cease-fire. In that regard, the resolution leans toward another one which had been issued by the conference of Arab ministers of foreign affairs who had met in Tunisia to consider what had become of the activities of the six-member Arab committee at that time. The Casablanca Summit resolution then stipulates that the Supreme Arab Committee be called upon to conduct the necessary communications with all the parties involved in the Lebanese crisis. Then, a meeting would be organized at which members of parliament would deliberate and talk. If necessary, such a meeting could be held outside Lebanon so that a draft plan for political reform could be written. After such a draft plan is completed, it would be presented to the members of parliament in an official session which would be held in Beirut to discuss the plan and approve it in its final form. Presidential elections would follow, and, at the same time, a national reconciliation government would be formed. Such a government would develop programs to implement the reforms which were agreed to."

Prime Minister al-Huss said, "Naturally, such a view must be backed by our support and our actual commitment to the Casablanca resolutions. By the way, the Supreme Arab Committee attached to the report it submitted to the Arab heads of state a draft formula for national reconciliation. That draft plan was the result of the committee's communications and activities, which had been carried out either by the ministers of foreign affairs of the countries that are members of the committee, or by Mr Lakhdar Ibrahim, the committee's full-time envoy."

"I personally had the opportunity to look at that draft plan, and I believe it constitutes a very proper foundation for the reconciliation we are seeking. That is why I can say that the resumption of the Supreme Arab Committee's activities will be the first step taken to accelerate the pace of other steps, now that the obstacles which the committee had faced during the first stage of its activities have been overcome."

#### Albert Mukhaybar

Dr Albert Mukhaybar, vice president of Lebanon's Chamber of Deputies, said "I believe recent events in Lebanon will expedite a solution to the Lebanese crisis."

He added, "I think that emphasizing the importance of the Arab Tripartite Committee and giving that committee the superpowers' and the Security Council's support will undoubtedly ensure that a solution is found in Lebanon and that peace is restored to that country. I am optimistic because the international superpowers and major Arab powers can impose a solution regardless of the precautions which are being taken and regardless of the differences between the parties."

The vice president of Lebanon's Chamber of Deputies added, "It seems to me that Lebanon will continue to be one, united country. Therefore, Israel's withdrawal from the south, disbanding the militias, and implementing UN Resolution 425 are matters which could be settled by means of a general, Arab and international premise. I believe that all groups working to solve the Lebanese crisis have an interest in expediting a solution. You may notice that delays cause complications. To prevent further complications and to avoid dragging countries and groups into situations they do not wish to be dragged into, delays must be shortened."

Dr Mukhaybar said, "I think that when a collective Arab and international capability exists, no one will be able to stand in its way. We are in this difficult situation because we lack such a capability. What matters to me is the preservation of Lebanon's unity and the establishment of a strong, central government. Most importantly, the independence and sovereignty of Lebanon are to be preserved."

#### Nabih Barri

Minister Nabih Barri, president of the Amal Movement, told AL-MAJALLAH, "Briefly stated, the solution in my opinion is to liberate people and liberate the land. People can be liberated by changing the Lebanese system, which recognizes sectarian rights. That system should be changed into one which recognizes citizens' rights. The land can be liberated by having Israel withdraw from all the occupied land and by implementing UN Resolution 425, which was issued in 1978."

#### Marawan Hamadah

Marawan Hamadah, former minister and member of the Command Council of the Socialist Progressive Party, told AL-MAJALLAH, "Dealing with the Lebanese problem begins by defining the main flaw in the regime, which was bequeathed to us by the appointed authority in Lebanon. This has to be done because the war gave those who profited from sectarianism an opportunity to start conflict between people who are members of the same community. This war, which almost turned Lebanon into another Israel, stirred regional and international conflicts which took us back to the days of religious wars, crusades, and colonialist wars. This

regime, which continued year in and year out, did not give citizens equal rights, and it discriminated among citizens on the basis of their sect and religion. That is why a solution to the Lebanese problem must be brought about by dealing with these problems as follows:

"First, the sectarian system and the system of privileges is to be abolished, and the principle of total equality between citizens is to be firmly established. Citizens must participate in government in a democratic fashion, and a balance of power is to be established. To avoid ambiguity, the stages in which this change is to be brought about are to be tied to a specific timetable.

"Second, the matter of Lebanon's Arab identity is to be settled to prevent Zionists inside the country from tampering with Lebanon's sense of affiliation and commitments. The matter of Lebanon's Arab identity is to be pursued in practice in all areas.

"Third, all official and popular efforts are to be mobilized, and assistance from Arabs is to be sought to liberate occupied south Lebanon. Israel's withdrawal, in compliance with UN Security Council Resolution 425, must be enjoined.

"Fourth, very close relations are to be established between Lebanon and Syria. These relations are to be compatible with the very special relations which tie our people together in the two fraternal countries."

Hamadah added, "After 16 years of gravitating toward each other and sharing projects, these rules, which will restore Lebanon to health and vigor and will preserve for all the Arabs a united, Arab, and democratic Lebanon, have been confirmed."

#### **Patriarch Nasrallah Safir**

Sources for the Maronite Patriarch Nasrallah Safir said, "The goal of any solution to the Lebanese crisis is to ensure that Lebanon remain a sovereign, free, and independent state. Lebanon should maintain its internationally recognized natural borders. The partitioning of Lebanon must be categorically rejected because the Lebanese have to live together in the same country under one democratic regime, and that regime is to be ruled by one president, one council of ministers, and one parliament. The Lebanese must be ruled by united, constitutional institutions whose powers are clearly defined."

Patriarch Safir's sources added that any solution to the Lebanese crisis had to serve these main, lasting goals. Otherwise, it will be up to politicians and legal specialists to determine the shape of the state and the formula of government. Patriarch Safir thinks that a solution to the Lebanese crisis must be expedited so that the process of restoring Lebanon's unity does not become more difficult and more precarious. The patriarch thinks that an unconditional commitment to the cease fire must be adhered to. He thinks that sieges must be lifted; that the entry of weapons into Lebanon must be prevented; and that the constitutional process must be launched by electing a president for the republic and streamlining

institutions. Patriarch Safir also thinks that Lebanese sovereignty and any foreign military presence in Lebanon are mutually exclusive, especially if that presence is not legitimate. That is why elections in Lebanon must be held so that the solution can be one that is complete, integrated, viable, and immune to shocks or exploitation.

Patriarch Safir also thinks that there can be no solution based on winners and losers. No one group is to have exclusive power over matters of procedure. Therefore, a balanced solution with which Christians as well as Muslims would be comfortable is a must. Finding such a solution is not impossible, provided the intention to find it exists and provided the quest for a peaceful resolution of the general situation in the country is earnestly pursued abroad and inside the country.

#### **'Abdallah al-Rasi**

Dr 'Abdallah al-Rasi, minister of the interior, said, "We did not impede the effort to bring about a solution to the Lebanese crisis. Our positions are well known. We have been striving to get things moving; we have been trying to get the cease fire to hold, and we have been trying to reach a political solution that would result in disbanding the militias in Lebanon. This is an essential first step to the process of unifying the Lebanese state." Al-Rasi added, "The other side would have to accept this proposal so that we can bring this extraordinary situation we are living in to an end. In our meetings and get-togethers we discuss the possibility of applying the political aspect of the Casablanca Arab Summit resolutions to this matter."

#### **Jamil Kibbi**

Dr Jamil Kibbi, the representative for Beirut, said, "A military settlement for the crisis in Lebanon is now out of the question and quite unlikely because events have shown that, despite military movements, violence can never solve any problem in Lebanon. Lebanese citizens, even more than officials, remain unflinching and undaunted by any military invasion of Lebanon. They still remember the story about the U.S. aircraft carrier, New Jersey, and our children enact the events of that story when they play their games in the parks. It should come as no surprise, therefore, that the French military initiative was aborted 300 kilometers from the Lebanese shores."

Representative Kibbi added, "Everyone in the local area, in the Arab countries, and in the international community is now quite convinced that there is no alternative to a peaceful solution. While we think that a peaceful solution is the only way out of the tragic war in Lebanon, we also think that there is no alternative to what the Tripartite Arab Committee is doing. This is the committee which has been authorized, in accordance with the Casablanca Summit resolutions, to take action to put an end to the Lebanese crisis."

Kibbi said, "Any solution that is not based on justice and on equal rights and responsibilities will not succeed. No group is being asked to give up some of its privileges to another group. Instead, what is required is that all groups give up their privileges for the country's sake. If some people do not like that idea, then we think that the only solution would be to conduct a general census of the population. Although we do not like the idea of a census, it would enable us to put everything in its proper place and to approach everything democratically. Above all else, however, all officials must have the proper will for peace, and they must also have the desire and the resolve to achieve reform. We must all stop profiting from attempts that are being made to determine the identity of Lebanon. Lebanon was, is, and will remain the heart of the Arab homeland, and Beirut is the capital and impregnable stronghold of the Arab world. It is on the borders of Lebanon that all the ambitions and aspirations of colonialism will be shattered. Finally, we think that any reconciliation will have to start with reform and that such reform must precede the presidential elections. We say this, not because we insist on holding on to our opinion, but rather because we believe that reconciliation is a must and that it must be based on reforms. Who becomes the president after that does not matter."

#### The Lebanese Forces

Dr Samir Ja'ja', commander of the Lebanese Forces, has maintained silence for some time and has not been giving interviews to the press. But the question that was raised by AL-MAJALLAH was answered by an official source in the Lebanese Forces, who said, "To come up with an idea for a solution, we have to define the problem. As we see it, the problem in Lebanon consists of two parts: an external part, and that involves the presence of foreign forces which occupy vast areas of Lebanese territory; and an internal part, which involves the conflict between Lebanese sects over who controls the government in Lebanon. As far as the external part is concerned, it is well known that there are possibilities. Any actual first step that is taken to solve the Lebanese crisis must start by getting the foreign armies out of Lebanon because these armies, which are external elements, have become with time internal elements which are increasing the complexity of the domestic problem between the sects. There is no doubt that this problem was there to begin with, but it was the presence of these forces which prevented dialogue and communications among the Lebanese. Thus, the internal problem became tied to the external problem, and everyone, near and far, was at his wit's end, wondering how to go about finding a solution to this problem.

"If we think that the fundamental problem is the internal problem, then our view of the internal conflict and that of other groups provide no justification whatsoever for the fact that this conflict has been going on for 15 years. So far, this conflict has had a disastrous effect on all the sects. Nothing which anyone of these sects might have gained because of this war would add up to the total of what any sect lost because of the war. That is why the

main problem, as we see it, is one of two foreign forces occupying vast parts of Lebanese territory.

"Seen from that perspective, the presence of outside forces on Lebanese territory has, in our minds, become linked with our weakness and our inability as Lebanese to develop actual and serious alternatives to the foreign military presence on Lebanese territory. That is why we proclaimed from the outset the notion of having our own power because we realized that when we have that, international forces would see us as an effective force that can ensure, on the one hand, the interests of Lebanese citizens and, on the other hand, the interests of these forces in Lebanon and the Middle East. That is why we have always been thinking about and putting emphasis on the need to build our own force, which can subsequently replace foreign armies on Lebanese territory. Our own force can also come to an understanding with all Lebanese groups.

"As far as the internal part of the problem is concerned, we have always thought that the domestic problem in Lebanon involves the fact that each one of the country's main historical sects has, for many reasons, entertained historical aspirations for exclusive control of the government. We have always thought that this propensity to exercise control would inevitably prolong the conflict. Such control in one period of history would inevitably cause an explosion in another, because no one sect could control a group of sects. Nor can any group of sects accept control by any one sect. This is the essence of the crisis of the 1943 Charter, which essentially gave Christians control over government and enabled them to serve their own interests at the expense of the interests of the remaining sects. That is why we think that every sect must become convinced that it cannot control government and the remaining sects all the time. Every sect must become convinced that the main problem lies in this propensity for control.

"We called previously for a new charter that would be based on the cohesion between the special characteristics which are shared by all sects and on the mutual recognition by all sects that military or political methods are not to be used to control another sect and deprive it of its political rights. We're calling for such a new charter today, and we will call for it tomorrow. We think we can achieve such a formula in a territorially unified Lebanon. Such a formula would preserve all the political rights of Lebanese Muslims and Lebanese Christians in a coherent system that is based on the principle of justice, equality, and respect for others on all levels, especially with regard to the special characteristics of historical sects. We think that in our effort to solve the Lebanese problem, few steps have been taken to find a solution. We think that a solution will be closer when, on the one hand, we can ensure that we can use our own power to protect Lebanese as well as regional and international interests on Lebanese soil. On the other hand, a solution will be closer when all Lebanese sects recognize the futility of any sect having the ability to control another sect."



**George Sa'adah**

Dr George Sa'adah, president of the Lebanese Phalangist Party said, "In my opinion, a solution to the Lebanese crisis starts by having each one of us go back to his own nature, his own emotions, and his own identity. The Lebanese have to find their own common ground. Many political, military, and spiritual proposals have been set forth by all parties. If these proposals were to be put in a table and compared to each other, it would become obvious that they have much in common. These proposals even share some of the same expressions. There are three points, however, about which these proposals do not agree. They do not agree in their determination of presidential powers; they do not agree in their determination of the distinguished relationship with Syria (we believe that Lebanon's relationship with Syria is to be determined when we have one government representing all the Lebanese); and they do not agree on the question of abolishing political sectarianism. As far as the president's powers are concerned, we think these are domestic matters which concern no one else but us. As Lebanese, we have to come to an agreement, and we have to take Lebanese interests into consideration. We must focus on these interests and forget about the hard feelings and the effort to make one opinion triumph over another. It is the interests of Lebanon that must triumph over all."

**August Bakhus**

Representative August Bakhus, a member of the independent Maronites' Caucus, told AL-MAJALLAH, "We were hoping not to burden the countries of the world and Arab countries with our problems. But our problems grew, and their burden became too heavy for us. Consequently, it became impossible for us to bear that burden alone. When that happened, friendly and Arab countries came to our assistance. It seems to me, and this has been the case so far, that the countries of the world have to support the Tripartite Arab Committee. Eventually, this committee would be set up by us as well as by Syria and its allies as an absolute arbitrator. In my opinion as an attorney, the condition to such arbitration, in the legal sense, is that objections may eventually be made to any part of the Tripartite Committee's resolutions. When that happens, this committee would hold a meeting with those who are constitutionally involved. That is, the committee would hold a meeting with the representatives anywhere it thinks would be an appropriate place for such a meeting. Eventually, such matters can be worked out between the representatives and the Tripartite Committee. This first step would be the main step. Afterwards, representatives would have the opportunity to meet in Mansur Palace where they would elect a speaker. This would be followed by a broad outline of reform plans. After that, the president would be elected. A normal course would be resumed after that because it is assumed that a government would be formed to run the country, to start a dialogue with all groups, and to define in broad terms the features of liberation."

**Manah al-Sulh**

AL-MAJALLAH met with Mr Manah al-Sulh, the Lebanese intellectual, while he was visiting London. AL-MAJALLAH asked him what he thought would be an appropriate way out of the Lebanese crisis.

Mr al-Sulh said, "It is basically the Lebanese who are involved in this matter. A solution that is serious and viable must be one that the Lebanese people want. The Lebanese certainly want to see Lebanon as one, sovereign, independent country. The resolution which calls for Israel's withdrawal from Lebanese territory, which is Resolution 425, requires the presence of a Lebanese authority to whom the land which will be left by Israel can be turned over. If that authority were to take control of the land, it would ask the Syrian army to withdraw from Lebanese territory gradually. It would also preserve a special relationship with Syria, and that relationship would manifest itself in a joint security organization with Syria and in a common approach to coordinating some economic and noneconomic matters with that fraternal country."

"This view which stems from the philosophy behind the UN resolution itself considers everything which involves the presence of an agreed upon Lebanese authority acceptable. And this is just fine because the establishment of one authority is a main goal. As of now, the United States is being called upon to press Israel to announce its commitment to withdraw from Lebanon. Muslims would then be encouraged to become more open with others for the purpose of establishing one authority. Similarly, one of the factors which would make it easier for Christians to accept one authority is Syria's declaration of its willingness to withdraw. Thus, the doors would be opened to the establishment of one authority, and that one authority means that Lebanon would have one president as well as a government."

"No one should be scared by the subject of reform. After 15 years of war, the least that can be done to bring this war to an end is to have representatives agree to draft a document that includes some principles of reform. Such a document would reassure all the Lebanese of all sects and tendencies. It is the essence of such reform that those who hold the many positions of power do not have conflicting wishes since that would paralyze the state and make it ineffective. It is not so much the powers of the president that Lebanese Muslims are protesting, as much as they are protesting the fact that the president is not accountable constitutionally. Seen from the point of view of constitutional jurisprudence, this is an illogical inconsistency that is based on having a ruler who is not accountable and, at the same time, having an official who does not rule but who is accountable. The ruler who is not accountable is the president, and the official who is accountable but does not rule is the prime minister."

"It is my opinion that the reforms which are being demanded would be achieved if Muslims and Christians have equal representation and if they hold an equal number of public positions. The reforms which are being



demand would be achieved if constitutional law were to move to abolish sectarianism and if the principle of balancing powers with responsibilities is achieved."

"We do not forget that what is required is not only a reconciliation formula, but also a power formula. This means that, besides leaders and representatives, the next government of Lebanon must also include a few military men in its ranks. This is because harmony between security decisions and political decisions is essential in a stage during which hostilities are being brought to an end and peace is being ushered in."

#### 'Umar Karami

Attorney 'Umar Karami, chairman of the northern Coordination Board, told AL-MAJALLAH, "The Lebanese people have an irreplaceable opportunity, now that the Arab Tripartite Committee has resumed its mission. Ever since it was announced that this committee had been formed in Casablanca, the national position has been clear. All the loyal national forces in Lebanon welcomed this committee and declared their full willingness to work with it. Anyone who looks disinterestedly and objectively at how things have been going must sense and must feel certain that the other team—and I am referring specifically to Michel Aoun—was impeding the committee's progress. Aoun would announce every time he had the chance that he would continue the war of liberation. He would also announce that he was stockpiling weapons, including the empty rockets with which he threatened Syria. How can the committee continue its efforts and make effective decisions in the midst of such a charged climate in which declarations about war and destruction are being made?"

"A solution to the Lebanese crisis will start to take shape when those who are calling for liberation and destruction become convinced that guns and bombs do not solve the problem. A solution to the Lebanese crisis will be found when those people become convinced that the only way to achieve peace is through conciliation, understanding, and carrying out reforms which deal with people fairly and justly and put an end to one sect's domination of another."

## OMAN

### Five Royal Decrees Issued

44000036E Muscat TIMES OF OMAN  
in English 12 Oct 89 pp 1 & 2

[Text] His Majesty Sultan Qabus Bin-Sa'id issued the following five Royal Decrees on Tuesday:

Royal Decree No. 97/89 amends the title of the President of the Diwan of Royal Court to the Minister of the Diwan of Royal Court.

Royal Decree No. 98/89 amends the title of the Palace Office to the Ministry of Palace Office Affairs.

According to the Decree the title of "the President of the Palace Office" becomes "The Minister of Palace Office Affairs".

Royal Decree No. 99/89 promotes the Minister of Palace Office Affairs, Major-General 'Ali Bin-Majid al-Mu'amari, to the rank of Lieutenant-General.

Royal Decree No. 100/89 establishes a Ministry for Water Resources to be called "The Ministry of Water Resources". The decree also appoints the Minister of Electricity and Water, Khalfan Bin-Nasir al-Wuhaybi as acting Minister of the new Ministry.

The Public Authority for Water Resources is incorporated into this Ministry. Other Ministries and Government departments will retain their functions in the water sphere as long as they do not conflict with the functions of the Ministry. The Ministry will decide on the organizational structure of the Ministry.

Royal Decree No. 101/89 appoints Jum'a Bin-Rashid Bin-Sa'id al-Balushi as President of Royal Protocol at the Diwan of Royal Court.

His Majesty issued two Royal Decrees on Monday.

Royal Decree No. 94/89 states that the Minister of Civil Service is authorised to sign an agreement (drafted earlier) between the Sultanate of Oman and the Republic of Tunis on co-operation and the exchange of experienced civil servants between the two countries.

Royal Decree No. 95/89 authorises the Minister of Communications to sign an agreement (concluded earlier) on veterinary health between the Government of the Sultanate of Oman and that of the Republic of Iraq.

His Majesty Sultan Qabus issued two Royal Decrees on Wednesday last week.

The first transfers Oman's ambassador to the United Kingdom to the General Diwan of the Ministry of Foreign Affairs.

The second decree ratifies a protocol concerning marine pollution resulting from exploration and exploitation of the continental shelf.

### Japanese Aid for Navigation System in Gulf Finalized

44000036B Muscat TIMES OF OMAN  
in English 12 Oct 89 p 7

[Text] The Japanese government is to give 710 million yen (\$5 million) in grant aid to Oman, Qatar and Bahrain to install navigation systems in the Gulf.

A Tokyo Foreign Ministry spokesman said the grants are part of \$10 million plan to install 24 advanced British-made coastal radar beacons in the six AGCC [Arab Gulf Cooperation Council] countries to help ships determine their positions in the Gulf.

**Chinese Ambassador Discusses Ties****44000038C Muscat TIMES OF OMAN**  
*in English 5 Oct 89 p 6*

[Article by Meena Ganjvi: "China Will Continue Open Door Policy"]

[Excerpts] China will continue to follow its open door policy despite the crackdown following the student unrest, said the Chinese Ambassador in Muscat, Zang Shixiong.

Addressing a press conference on Wednesday last week to mark the 40th anniversary of the founding of the People's Republic of China, the Ambassador said, thanks to the open door policy China had benefited tremendously by way of the availability of international expertise and finance, and will therefore continue to carry out this policy. [passage omitted]

Reflecting on his country's ties with the Sultanate, he said, as members of the developing world, they share similar views on international affairs and a desire for further cooperation.

"The people of China are gladdened by Oman's great achievements, over the past 19 years, in its internal and external affairs, the safeguarding of state sovereignty, and economic development and construction under the leadership of His Majesty Sultan Qabus.

The two countries established diplomatic ties in 1978 but their friendship can be traced to the middle of the eighth century when Omani navigator Obaid sailed to Guangdong (Canton) in the south of China. Later friendly ties improved because of trade between the two countries in pearls, horses, dates and perfume, he added.

The Ambassador said economic ties between the two countries had grown over the past 11 years, especially Chinese exports of textiles and food. China, in return he said, had started importing oil from Oman.

Detailing the progress made by his country over the past 40 years, the Ambassador said:

"A comprehensive industrial system and independent national economy has been established on the ruins of the past. [passage omitted]

**Singapore Drive for Trade With Sultanate Explained****44000030A Muscat TIMES OF OMAN**  
*in English 14 Sep 89 pp 1, 2*

[Article by Bala Menon: "Big Singapore Drive for Trade With Sultanate"]

[Text] Schemes to boost Oman's export potential of a variety of products are being brought to the Sultanate by a mega mission of Singaporean businessmen next month.

Mr. Mushahid Ali, Charge D'Affaires and Chief of Mission at the Singapore Embassy in Riyadh, told the TIMES that his country was interested in trade-generating investment and in exploring the possibility of buying more from Oman and to see its exports pass through Singapore.

Mr. Ali, who was on a two-day visit to Muscat, said the Asia Pacific region accounted for nearly 21.3 percent of all global trade and Singapore played a natural pivotal role in the area's trade.

The mission will comprise some 50 senior businessmen from the island, representing the leading 37 companies and high-level officials and will be in Oman from October 20 to 23.

"We would like to see Oman become our partner in trade and investment in all sectors. Trade relations with the Sultanate have risen dramatically and we want to see this trend continue. In fact, we will welcome Omani businessmen who want to use Singapore as their offshore business centre".

**Substantial**

Of all the AGCC [Arab Gulf Corporation Council] countries, Oman-Singapore trade has been the most substantial with a 65.8 percent increase registered during the first seven months of this year, compared with figures of the last year. "The volume in currency terms amounted to Singapore \$138.8 million when compared with Singapore \$135.9 million for all 1988."

The mission will be led by Mr. Ridzwan Dzafir, Director-General of the Singapore Trade Development Board, an official agency on which both the private and public sectors are represented.

Mr. Marah Husayn Salim, Consul at the Singapore Consulate in Jeddah, who accompanied Mr. Ali to Muscat, said the main exports by Singapore to Oman included timber, electrical and electronic products, jewellery, machinery, paper products and other goods.

To facilitate trade with Oman and other countries in the region, a new Arab Business Centre was opened in May at the Singapore Manufacturers' Association's offices on the island.

Singapore was willing to assist Oman, in several sectors, including high-technology areas, ship-building, port management, telecommunications, construction, computer hardware and general services.

In fact, a major Singapore firm, Informatics has entered into a joint venture with an Omani firm to start a computer training school, Mr. Salim said.

One of the highlights of the mission's visit will be a seminar entitled "Singapore: Your International Trading Partner" on October 21 at the Oman Sheraton Hotel at which Omani businessmen will be presented with several proposals.

### **Sultanate's Revenue Figures Released**

44000030C Muscat *TIMES OF OMAN*  
in English 14 Sep 89 p 11

[Text] Oman's total revenue in 1989 is expected to decline by about 11.6 percent as compared to the previous year, according to figures released by the Central Bank of Oman [CBO].

"Oil revenues were estimated to fall by OR 160.9 million or by 15.1 percent to reach OR 904.4 million compared with OR 1065.3 million estimated for the 1988 budget due to the unclear picture of the stability in oil prices in 1989," says the CBO annual report for 1988. In Oman, oil revenue represents 80 percent of total government revenues.

The fiscal position for the year, it said, was expected to show a deficit of OR 407.6 million compared with the deficit of OR 252.0 million envisaged in 1988 budget.

Gas revenues are expected to rise in 1989 by OR 5.5 million to reach OR 48.5 million. Other revenues such as corporate income, taxes, customs duties and income from public utilities are expected to rise on a moderate scale of OR 3.2 million or 1.5 percent to reach OR 209.8 million, it said.

In 1989 budget receipts from taxes are estimated to reach OR 20.4 million while collection from custom duties are expected to decline in 1989 by OR 5.8 million or by 15.5 percent.

Receipts from sale of electricity and other revenues are expected to drop slightly to OR 12.2 million in 1989 from OR 13.4 million in the 1988 budget.

In this budget, a significant departure from previous years (1986-88), is increase of capital expenditure, which was compressed earlier in order to contain the deficit and to adjust to weaker oil prices, the 1989 budget envisages current plus capital expenditure increase by OR 38.4 million or by 2.5 percent over the 1988 budget level.

Government policy to support private sector in the form of domestic lending and participation mainly through established specialised institutions are expected to aggregate OR 12.5 million in 1989 of which OR 1.0 million is concessional loans to private sector for industrial promotion, OR 5.0 million support to the Oman Housing Bank, OR 0.9 million support to Oman Development Bank and OR 5.6 million as support to Oman Bank for Agriculture and Fisheries. Other lending and participation on domestic and foreign establishment is expected to stand at OR 9.8 million.

### **Road to Food Self-Sufficiency Discussed**

44000036D Muscat *TIMES OF OMAN*  
in English 12 Oct 89 pp 1 & 2

[Article by Meena Ganjvi: "Third Session of the State Consultative Council—On the Road to Food Self-Sufficiency"]

[Text] The Sultanate is on its way to achieve greater self-sufficiency in food despite some of the problems facing the agriculture and fisheries sectors, according to the Minister of Agriculture and Fisheries, Shaykh Muhammad Bin-'Abdallah Bin-Zahir al-Hana'i.

Addressing the State Consultative Council on Sunday, the Minister said the estimated production in the two sectors was OR 123.6 million last year, which reflected headway in achieving diversification of sources of national income.

While in some agricultural produce such as dates and lemons, the Sultanate had recorded surplus production, banana cultivation had done particularly well and the country was on its way to achieve a high percentage of self-sufficiency in cereals. Seasonal surplus had also been achieved in some fruits and vegetables, the Minister added.

However, he pointed out, despite these achievements the agricultural sector was facing several difficulties, including shortages of water resources, declining efficiency of oil irrigation systems, shortage of trained labour and growing emigration from countryside to town and marketing of agricultural produce.

The private sector also, had failed to invest in the agricultural sector.

Spelling out the Ministry's policies, the Minister said, to enable the agricultural and fisheries sector to make a greater contribution to the nation's economy, the Ministry was giving full attention to soil, water, agricultural research, plant protection, agricultural guidance, financial support, agricultural lending and investment, manpower, marketing and development of agricultural industries.

The Sultanate had been divided into various agricultural zones and the Ministry aimed to give certain relative advantages for cultivation of certain produce in each agricultural zone.

In the Batinah region the emphasis was on cultivation of vegetables and fruits in view of falling ground water levels and salinity. In other regions like Dakhliya, Al Wusta, Eastern Region, Dakhira, Buraymi and Musandam the stress was on growing date palms, garlic, onions, grapes and some other fruits.

In Jebel Akhdar the Ministry was concentrating on cultivation of the Osmani pomegranate and in desert regions like Al Najd the Ministry emphasised cultivation of animal fodder and cereals. There was potential for



fodder, cereals, wheat and barley in all these regions and much progress had already been made in recent years.

#### Salalah

In Salalah, the Ministry had started a programme which concentrated on plantation of bananas, papayas and grapes and developing and protecting the natural pastures.

However, despite the efforts, Shaykh al-Hana'i said, lack of modern irrigation systems was hindering the progress of this vital sector. Less than 40 percent of farm owners used modern systems.

While the Ministry conducted studies to find underground water resources it was also involved in building dams, drilling wells and maintaining aflaj. The Minister said a major recharge dam in Wadi Jizzi had recently been inaugurated and two more dams in Wadi Ghawl in Al Hamra and Wadi Tannuf in Nizwa will be completed this year.

Shaykh al-Hana'i said the Ministry had signed an agreement with FAO [Food and Agricultural Organization] to execute a three-year project to survey all agricultural land in the Sultanate and produce a solid map with the help of aerial photographs.

The project, he said, also included detailed study of 30,000 hectares of land, adding that the Ministry intended to extend this agreement with the international organisation.

The Ministry was also extending financial support to farmers in the form of fertilisers, seeds, insecticides and modern irrigation. The Minister pointed out that the Ministry had allocated OR five million to be spread over three years from (1990-1992) as a support for installing a modern irrigation system along the Batinah coast to reduce water salinity.

Realising the importance of investment, the Ministry co-ordinates with the Oman Agriculture and Fisheries Bank in directing loans to small farmers and agricultural projects and increase private sectors contribution.

The Minister said qualified manpower was one of the most important factors to develop agricultural sector and the first batch of agricultural graduates from Sultan Qabus University were expected to pass next year. The Nizwa Agricultural Institute was playing a major role in providing qualified manpower.

During the two-day session, the third session of the year, the Council also discussed the drinking water availability in various parts of the country and the Budget for 1990.

The Council will present the outcome of the session, held under the chairmanship of SCC [State Consultative Council] President Sheikh Abdullah bin Ali al Qatabi, together with its views on drinking water to His Majesty the Sultan.

#### Military Exercises Published

44000038A Muscat TIMES OF OMAN  
in English 5 Oct 89 p 9

[Text] Military exercises, codenamed "Daring Adventure," were held on Sunday by the Sultan of Oman's Land Forces [SOLF] with the support of the Sultan of Oman's Air Force [SOAF].

Major-General Khamis Bin-Humayd al Kalbani, SOLF Commander, who was Commander of the exercise, welcomed Major-General 'Ali Bin-Majid al-Mu'ammari, President of the Palace Office; Saif bin Hamad al Battashi, Secretary-General at the Ministry of Defence; Lieutenant-General Hamed Bin-Sa'id al-Awfi, Chief of Staff of the Sultan's Armed Forces, and the Commander of the SOAF, among other senior military officials.

Major-General Kalbani told them of the purpose of the exercises and the stages of implementation.

This was followed by a detailed explanation from the Director of Operations.

They also visited the front posts of the Tactical Command, the Artillery Support Unit, the Armoured Unit, the Engineering Unit, Medical Services and other units.

At the front line, the visitors saw a mock attack involving "enemy" forces and the SOLF in which most of the units took part, supported by fighter plane and air defences.

#### Statistics of PDO Trainees Reported

44000038B Muscat TIMES OF OMAN  
in English 5 Oct 89 p 11

[Excerpts] Shaykh Mustahil Bin-Ahmad al Mashani, the Minister of Social Affairs and Labour, was the guest of honour at a ceremony at Al Bustan Palace Hotel to present certificates to Petroleum Development Oman [PDO] pupils and trainees who completed studies at universities and college abroad.

Shaykh Mustahil gave the certificates to some 100 of the 183 trainees in the presence of several Ministers, PDO Managing Director Mike Pink, Under-Secretaries and Government and PDO officials.

Welcoming the guests, Mr. Pink noted that the ceremony "not only underlines our commitment to the training and development of Omani nationals to enter and proceed along a career path within our company but it also pays tribute to the efforts of all our trainees who have been successful in their studies."

He said PDO's training efforts had expanded by leaps and bounds over the years. [passages omitted]

#### HNDs

Out of the 183 students, 22 graduates from universities in the US and Britain, 32 secured Higher National Diploma [HND]s after studies in the UK and one graduated with a British education diploma.

Another 31 students gained Ordinary National Diplomas and 24 received National Certificates in Britain.

Five obtained high Business and Technical Education Council (BTEC) qualifications in business studies in the UK and two other gained specialist diplomas.

The remaining 66 students are trainees who have gained BTEC or British Education Council First diplomas in courses which PDO has accreditation to run in Oman.

The company is currently taking on as trainees 160 school leavers and 20 of its employees, as well as 70 scholars who will be learning English at its Training Annexe in Ibra House at Qurm before going to overseas colleges and universities.

The PDO training programme is planned to increase to a level of more than 1,250 development trainees by 1993 and, as a result, the annual training budget is expected to rise from last year's RO 7.7 million to RO 11.5 million in 1991.

#### Water Supply Scheme Discussed

44000030B Muscat TIMES OF OMAN  
in English 14 Sep 89 p 5

[Article by Meena Ganjyr: "OR 20m Water Supply Scheme"]

[Text] The Ministry of Electricity and Water has drawn up plans proposing to spend more than OR 20 million under the third Five Year Plan ending next year, to improve the water supply system and extend it to new areas in the Sultanate.

Giving details about some of the proposed projects in the rural areas Jaffer bin Muhammad Bin-'Ali al-Shaykh, Director General of Water, said "Tenders for improvement of piped water supply system in Nizwa and Sur are likely to be floated soon and work on other projects in Musandam and six of the nine rural desalination plants is expected to start by the end of this year."

Under the plans, a new desalination plant will be established to increase the volume of the water supply in Sur and 35 km pipe-line will be laid to extend the distribution system to cover new areas, Mr. al-Shaykh told the TIMES.

The Director-General added that the present supply of 500,000 gallons per day from nearby wells was inadequate for the town which has over 40,000 people. The proposed desalination will have a capacity of one million gallons per day.

The project is expected to be completed by 1991. Under the plans water from the wells be mixed with desalinated water before being supplied to the consumers.

There are also plans to improve the potable water supply system in Nizwa, and the Ministry has already developed a wellfield which would improve water supply to this growing town.

#### Extension

The Ministry would also be extending the existing reservoir, setting up booster pumping station, installing pumping sets and telemetric control system for the wells. This system would mean the pumps could be operated from a single centre without having to go to individual wells which are scattered over a large area. A 40 km long transmission pipeline to convey water from the well field to the reservoir is also a part of this project.

Giving details of some other projects to be carried out by the Ministry, Mr. Ja'far said, "We will also be carrying out improvement works on six of the nine rural desalination plants". The six of the nine desalination plants spread over the south eastern areas are Qumilah, Ruways, Ras al-Hid, Abu Mudhabi, Al Zahar and Assadanat.

The project involves upgrading the desalination plants and improving ancillary facilities for the ease of plant operation and maintenance. The work on these plants is expected to start before the end of the year.

Among other smaller projects are the construction of a 500 metric cube capacity RCC reservoir at Bukha in Musandam to replace a fibre glass reservoir. A small wellfield is also being developed in Rawda. An RCC reservoir may also be constructed in Dibba. In the Buraymi area it is proposed to improve water supply facilities in the villages of Mahda, Al Fay, Al Hadf, Abul, etc. A consultant has been engaged to study and prepare improvement works in more than 100 bore well based water supply schemes in the interior of Oman, the Director-General said.

### QATAR

#### Power Distribution Grid Modernized

900L0024A Doha AL-RAYAH in Arabic 17 Aug 89 p 6

[Interview with Yusuf al-Hamadi, chief of the Planning Department for Distribution Affairs in the Ministry of Electricity and Water by Muhammad 'Allam; place and date not given]

[Text] Which electricity services have been planned for the new area of Doha? How is the continued modernization of the electricity distribution grid being accomplished? Which measures are being pursued in coordination with other governmental administrations? What are the most important tasks being performed by the Planning and Development Department subordinate to Distribution Affairs in the Electricity and Water Ministry? We posed these and other questions to Engineer Yusuf

al-Hamadi, the deputy chief of the Planning and Development Department, which is subordinate to Distribution Affairs in the Electricity and Water Ministry.

He commenced by emphasizing that the existing residential area for senior officials, the new al-Khulayfat area, the medium-income residential area, and the family residential area have been connected to the electricity grid.

He added that he is conducting a study of all additions and new structures in this area. Subsequently, the electricity loads entailed by these additions will be approved so as to avoid increasing the loads handled by the distribution grid in the area. Consequently this will avoid strengthening measures, excavations, and digging in the streets, thereby preserving the area's beauty so that it can become a model area in the country.

He stated the following: Modernization of the distribution grid is being continued through efforts to introduce the most technologically advanced distribution equipment such as gas operation switches for the 11 K F empty or remote stations, inasmuch as there are four main distribution stations, and especially since this type of switch is considered new in the field, having been on the market for not more than 10 years. We are using it for the first time. Installation of this type of operation switch has actually been carried out. I would like to add that a new aspect of the distribution grid is that the main distribution grid can be controlled remotely through a distribution grid control station located in the al-Nu'ayjah area. The control room in the 11 K F distribution grid is separate from the control room in the main grid.

[AL-RAYAH] What are most important measures being taken in coordination with other governmental administrations, and the degree of cooperation with them?

[Al-Hamadi] The Planning and Development Department of Distribution Affairs coordinates with other governmental agencies as follows:

- Coordination with the Public Works Ministry to connect principle state projects to the electricity grid, including popular housing projects, housing projects for senior employees, new schools, and other vital state projects.
- Coordination also exists with planning departments in the Municipal Affairs Ministry, the Agriculture Ministry, the Architectural Planning Administration and the Doha Planning Department. This cooperation is based on the plan for the new areas and involves the selection of main and branch distribution station sites, distribution grid routes, and the time period for connecting these areas to the electricity grid.

The development and planning department also coordinates with the Roads Department in the Civil Engineering Administration of the Public Works Ministry

regarding the expansion of main roads and the changes in transmission and distribution grids required by road expansion.

[AL-RAYAH] Being a public service department, to what degree do you cooperate with the public?

[Al-Hamadi] The Planning and Development Department is a department within Distribution Affairs having direct contact with the public regarding requests for connection to the electricity grid or applications for building permits. Accordingly, the public's cooperation with the distribution department is divided into a number of areas:

- One area is developing harmony, understanding, and cooperation with the department's engineers and technicians regarding such matters as requests for electricity hookups or building permits.
- Some people are in a hurry and want to finish their business in the blink of an eye, which disturbs our employees and promotes ignorance on the part of such people with regard to the stages and channels through which they must pass in distribution matters. For example, an application to connect a residence to the electricity grid involves three stages:
  - The examination of extensions in the dwelling.
  - Coordination with other service departments regarding the inventory and extension of cables.
  - The implementation stage, then connection. All of these stages naturally last some time, and might become protracted.

Nonetheless, I would like to emphasize that Distribution Affairs is serious about looking at ways to facilitate procedures related to the public's transactions with our employees and creating suitable solutions to shorten the stages through which transactions pass. Accordingly, I adjure our employees to attempt to understand all of these issues to promote smooth transactions and patience, so that every citizen will obtain his full due. Employees of this department work only to serve the citizen.

[AL-RAYAH] What is the extent of the Planning and Development Department's concern with the development of Qatari manpower capabilities?

[Al-Hamadi] The electricity and water administration is oriented toward focusing on creating youthful Qatari manpower capabilities in all of the branches subordinate to it. Therefore, emphasis has been placed on developing these capabilities by training work chiefs through daily tasks. The Planning and Development Department also supervises the training of engineers and technicians in electricity distribution affairs and coordinates with several other governmental agencies to train several Qatari engineers whose work is related to distribution.

[AL-RAYAH] What are the most important tasks performed by the Planning and Development Department?



[Al-Hamadi] The Planning and Development Department is subordinate to Distribution Affairs in the administration. Its most important tasks include the following:

- Supervision over the planning of distribution grids in new areas in the state.
- Supervision over the planning of the distribution grid in the new area of Doha.
- Coordination with administrations to connect principle state projects and new housing projects to the electricity grid.
- The study of the loads on the distribution grid at the end of every summer, and the subsequent determination of areas or measures which require strengthening, in which case the department drafts projects aimed at strengthening the distribution grid.
- Efforts to develop and modernize distribution by introducing modern equipment to the grid in order to keep pace with technological developments in the world.
- The preparation of training programs for engineers subordinate to Distribution Affairs, or engineers sent by other agencies for training.

[AL-RAYAH] What would you like to say to the citizens?

[Al-Hamadi] In my capacity as an employee in the electricity sector, the most important advice which I direct to fellow citizens and residents is economy in electricity and water consumption, because electricity and water are the basis of the country's continued vitality. Any electricity or water shortage or disruption is disturbing to the citizens. We must join together to conserve energy by controlling consumption.

### **Economic Activity Revived**

90OL0024B Doha AL-RAYAH in Arabic 2 Aug 89 p 7

[Article by Sadiq al-Zayn]

[Excerpts] Economic observers and a large number of officials in official and commercial banking agencies in the country believe that banks operating in the state, especially Qatari banks, will realize record earnings this year in continuation of the success which they achieved last year, especially Qatar National Bank, Doha Bank, and the Islamic Bank of Qatar.

These observers believe that the relative increase in credit facilities granted by the bank sector operating in the country during the first half of this year compared to last year is an outstanding indication of the market's movement toward relative strength. This augurs well for economic sectors, especially the banking sectors, to reap the benefits of the increase this year and in the next two years, especially when production from the North Gas Field, whose phase-one operations have made great strides, actually begins.

In addition, some economists believe that the trend toward increasing the capital of the Manufacturing Industries Company, which ranges from a proposed 200

to 300-400 million riyals, will propel the investment process forward, especially the share of the private sector, of which the commercial banking system forms a principle part. [passage omitted]

AL-RAYAH presents here two viewpoints held by officials in the banking sector regarding the performance of banks during the first half of 1989 and the current investment climate in the country.

### **Increase in Facilities**

Faruq 'Abd-al-Majid, the regional director of the Arab Bank, states: The performance of the banks in Qatar in the first half of 1989 can be reviewed by comparing total deposits and total banking facilities for the aforementioned period with the those of the same period last year. Bank deposits on 31 May 1989 totalled approximately 15.2 billion riyals, compared to about 15 billion riyals on 31 May 1988, an increase of almost 200 million riyals.

Banking facilities on 31 May 1989 totalled 10.2 billion riyals, compared to 8.7 billion riyals on 31 May 1988, an increase of almost 1.5 billion riyals or 17.5 percent.

All of this indicates that Qatari banks have responded to agents' demands for banking facilities, which in turn indicates market movement and a general improvement in the course of the Qatari economy.

### **The North Field Gas Project**

Mr Faruq adds: I would like to indicate here, regarding signs of Qatar's improving economy, that the North Field gas project, the first phase of which will cost \$1.3 billion, will be financed by local and international banks to the amount of \$400 million. Qatar National Bank and the Arab Bank will participate in this exemplary project. It is expected that the General Qatar Oil Organization will begin this loan soon.

By providing this financing, banks operating in the state have contributed to the country's economic development.

Regarding the increase in foreign currency bank deposits during the first half of 1988, Mr Faruq stated: The increase is attributed to an increase in the interest rate for dollar deposits, which exceeded the allowed interest rate for riyal deposits by 2.5 percent.

### **A Year of Good Prospects**

For his part, Mr Maqbul Habib, the general director of Doha Bank, stated that the performance of the banks during the first half of 1989 was excellent compared the first 6 months of the previous year. He stated that he believes that this is commendable given the economic circumstances currently prevailing in the region and world.

Mr Maqbul added: "All of these indicators herald a good year this year for the banks. I emphasize that the rate of facilitation by the banks during the first half of this year

is appropriate, especially since people are resorting to the banks to cover their needs."

He stated that the existing difficulty in paying bank debts means that there is an accumulation, which all banks experience, and he pointed to favorable expectations regarding earnings and activity.

#### **Investment**

Regarding the investment climate in the current circumstances, Mr Maqbul Habib stated: "We expect that the country's investment climate will improve in the near future given the state's encouragement of the private sector. Naturally, investment greatly improves when this encouragement is an incentive to establish light (manufacturing) industries, because this leads to parallel market activity, which has a role in activating the economy."

He stated: "As banks, we are concentrating on commercial financing, especially short-term financing, because it benefits us and is effective, and because the commercial banks cannot enter into long-term financing."

#### **Contraction**

[passage omitted] In reviewing Qatar's total domestic product in 1987, we find that the monetary sector's average share of it was about 40 percent. This indicates that any reduction in oil prices negatively affects the domestic economy.

Mr Faruq adds: However, there are excellent indicators, such as the share of the manufacturing industry in the gross national product, which increased from 6.2 percent in 1982 to 9.9 percent in 1987.

#### **Concern With Industries**

Mr Faruq states: This indicates that concern with manufacturing industries is one of the most important reasons to control the domestic economy.

In addition, I see a need to encourage the private sector to invest in Qatar. For this purpose, the state should conduct benefit analyses of small projects and then propose these projects to the private sector to obtain investments in them.

The start of the establishment of the Manufacturing Industries Company in Qatar, with capital totalling 200 million riyals, is doubtlessly an excellent idea regarding investment inside the country.

We know that the state is encouraging and supporting this company, and we hope that it is successful in its activity, because it is a new addition to the structure of the national economy.

#### **Indication Provided by Reports**

In recalling the previous investment climate in Qatar, it is necessary to refer to recent economic performance, especially that of 1987, inasmuch as it is the last year for

which comprehensive reports are available. This is facilitated by the report of the Arab Organization for Guaranteeing Investment, which deals with the investment climate in the Arab states in 1988. This report points to the ability of the Qatari economy in 1987 to overcome a portion of the negative effects caused by the collapse of oil prices in 1986, such that during 1987, the total domestic product resumed its advance at a moderate rate compared to 1986.

#### **Overcoming Effects**

In 1987, the Qatari economy was able to overcome a portion of the negative effects caused by the collapse of oil prices in 1986, such that the total domestic product of this year resumed its advance at a moderate rate compared to 1986.

According to information contained in the report of the Qatari Monetary Organization, the domestic product increased in 1987 to 1,858 million Qatari riyals, an increase of 317 million riyals or 1.7 percent compared to 1986, which witnessed a record 18.5 percent decline compared to 1985. This increase is attributed to the relative improvement of oil prices in international markets, which led to an increase in the value of the oil product (in light of which the course of domestic economic activity is determined), such that during 1987, the oil product totalled 5,630 million Qatari riyals, or grew at a rate of 4.4 percent, compared to a record negative growth rate of 43.8 percent in 1986.

In reviewing the developments pertaining to the nonoil domestic product, it emerges that the manufacturing industry sector—including prominent industries such as the petrochemicals, fertilizer, iron and steel, grain mills, and other industries—made obvious progress in 1987 compared to other sectors. The added value generated by this sector in 1987 totalled 1,847 million riyals, an increase of 70 million riyals, or 3.9 percent, compared to a modest increase of 7 million riyals, or 0.4 percent, in 1986. This year's growth increased the share of this sector in the total domestic product to 9.9 percent, compared to 7.9 percent and 9.7 percent in 1985 and 1986 respectively. A portion of this increase is attributed to progress in the petrochemical industry in 1987 compared to 1986, inasmuch as international markets have witnessed a substantial increase in polyethylene prices.

#### **Positive Growth**

The financial, insurance, real estate, and services sectors made a comeback in 1987, achieving positive growth totaling 6.3 percent after 4 consecutive years of decline. During 1987, the value of this sector's domestic product increased to 1,958 million Qatari riyals, representing a 10.6 percent increase in this sector's share of the total domestic product, compared to an average share of 8.7 percent during 1983-86.

During 1987, the positive effects extended to the commercial, restaurant, hotel, fish and poultry production, and agriculture sectors. The policy pursued by the Qatari

Government to subsidize agricultural activity yielded satisfactory results which auger well for this activity, considered new in Qatar. In 1987, this activity realized a material value totalling about 325 million Qatari riyals, compared to around 212 million Qatari riyals in 1983, which means that income from this production exceeded 113 million riyals.

The area of land used for agricultural production increased from 42,203 dunums in 1986 to 48,350 dunums in 1987.

Regarding natural gas exploitation, the implementation of the North Gas Field project made great strides in its first phase, given that 1988 witnessed the completion of the manufacture and installation of two platform wells at sea and the start of gas-well drilling operations. The project's current phase is aimed at starting gas production for local consumption by the electricity and desalinization sectors and existing industries. Work on this phase will last about 3.5 years. By the start of 1991, 750 million cubic feet of North Field gas will be supplied for local consumption to fulfill the state's domestic needs.

By implementing this phase of the North Field gas production project, the state of Qatar takes a first step toward exploiting vast amounts of gas in the North Field. Its extractable reserve totals about 150 trillion cubic feet and is considered the world's largest reserve of nonaccompanying gas.

Regarding foreign commerce, Qatar exports reinforcing iron rods, aluminum, urea, polyethylene, and liquified natural gas, and the private sector exports industrial cleaners and plastic and aluminum products. The foreign commerce sector is considered an important source of foreign currency.

In addition, Qatar's imports from Arab states in 1987 totalled 360.3 million Qatari riyals, or 8.7 percent of all imports in 1987. Imports from the GCC [Gulf Cooperation Council] states, which totalled 259.9 million riyals, took first place, while imports from other Arab states totalled 100.4 million riyals. The UAE [United Arab Emirates] was the largest Arab exporter to Qatar, with exports valued at 123.6 million riyals, followed by the Kingdom of Saudi Arabia, Lebanon, Jordan, Syria, Kuwait, Bahrain and the Sultanate of Oman.

## SAUDI ARABIA

### Report Provides Riyadh's Economic, Demographic Statistics

44000032 Jeddah ARAB NEWS in English 7 Oct 89 p 2

[Article by Javid Hassan: "Riyadh Population Increasing by 65,000 Per Year"]

[Text] Riyadh, Oct 6—Riyadh's population has been increasing by 65,000 every year. Since half of the population is under 15 years of age, there is a good scope for a large youth market. New households are also increasing

in the capital and by 1995 an additional 90,000 units will have been established requiring housing, household furnishing and goods, and related services.

These are some of the major findings of a special study prepared by the Arriyadh Development Authority (ADA) on the occasion of the seminar on investment opportunities in Riyadh which will be inaugurated by Riyadh Governor Prince Salman on Sunday.

The report takes a close look at the development of Riyadh in terms of its infrastructural and industrial development, population growth, and other economic indicators, such as the expansion of the banking and service sector, increasing retail spending, growth in housing, and prospects for the future.

Describing Riyadh as an ideal investment center, the report points out that the capital provides good market accessibility to the GCC [Gulf Corporation Council] states and to the neighboring Arab countries which together have a combined population of 81 million and a Gross Domestic Product of \$166 billion. "Since much of the surrounding region has per capita incomes that are among the highest in the world, this puts Riyadh in the middle of some promising regional markets," the report states.

Other favorable factors for investment in Riyadh, ADA notes, are the high levels of income and spending by international standards. Real per capita household income was estimated to be \$5,100 last year, up from \$4,900 in 1986, and \$2,600 in 1977. Average income in Saudi households was estimated to be \$31,200 in 1986 and rose to higher levels last year. "Over 80 percent of all household income in Riyadh is spent, which means that the consumer market conservatively totals over \$4 billion per year. Food expenditures alone are estimated to be \$1.2 billion from Riyadh household residents," the report said.

This spending, according to the report, represents a potential new market for products that could be manufactured in Riyadh. "Recent data indicate that 10 of the top 15 imports to Saudi Arabia in 1988 were directly related to consumer demand. Given the level and type of spending in Riyadh, it is likely that some of the demand for these products could be supplied from new or expanded local production," the report points out.

It also describes the government sector as a major driving force in the Riyadh economy, since it generates its own markets as a consumer of goods and services. Additionally, government employees contribute to the local economy through their consumer spendings and savings. ADA estimates that the average salary earned by workers in the city is \$12,000 per year, whereas the highest average salary of the government employees is \$16,900 per year, followed by trade (\$11,100) and manufacturing (\$9,100) per year. Professionals in the construction sector receive the highest salaries (\$24,300 per year) while those in the manufacturing sector are paid \$23,900 annually.



In addition to markets, there are other concerns that are of primary importance in making investment decisions in Riyadh, the ADA report states. Riyadh's metropolitan area covers approximately 1,000 square km., of which about 770 km., has been developed. More than 50 square km. of vacant land is still available for light industrial and 70 square km. for mixed-use residential and commercial buildings. Industrial land in the Ministry of Industry and Electricity's Industrial Estate is available at a subsidized rate of 2 U.S. cents per square meter per year.

Also, electricity rates are low compared to other international cities. Manufacturers located in the Industrial Estate can purchase power at a preferred rate of 1.3 cents per kilowatt hour, while non-industrial users pay about two cents per kilowatt hour per month for the first 3,000 kilowatt hours and four cents per kilowatt hour beyond that. Distribution and marketing facilities are also greatly enhanced with the existence of 270,000 telephone lines in the city, where 15,000 new lines are added each year. The climate of political stability and peace in the Kingdom has translated itself into industrial harmony which explains why factories in the public and private sectors enjoy uninterrupted production without a single manhour being lost.

The report cites commercial banks which are stepping up their investment activities as a result of improved profits and a better investment climate. Total assets of commercial banks that are based in Riyadh stood at \$40.6 billion in 1988, up almost 18 percent over the previous year's total. Other types of business services have also been flourishing. There are an estimated 200 establishments which employ 5,100 persons in various business services, such as legal affairs, accountancy and auditing, advertising, and computer services.

The buoyant economy has propelled the wheels of employment, especially in Riyadh's trade sector, which accounts for 37 percent of total employment in the city spread over 34,000 operating firms. "Because of growing employment and resulting incomes and spending, business in most trade and service sectors has been stable or growing over the last several years. It is estimated that over \$1.5 billion, or 38 percent of total household spending, occurred in various retail and wholesale establishments in the city," the report points out.

The report also highlights the investment potential in the agricultural and manufacturing sectors. A variety of agri-business products, it adds, are manufactured in the city, including food wrapping and packaging materials, plastic irrigation pipes, center pivot irrigation systems, and cold storage facilities. These are in addition to a large variety of processed, frozen, and chilled fruits, vegetables, meats, and dairy products that come from Riyadh manufacturers.

On the industrial front, the Ministry of Industry and Electricity reported in mid-1989 that the number of operating factories in Riyadh was 689 with a total employment of 43,882. These included 85 food and related product factories, 49 paper and paper product

factories, and 31 wood product manufacturers. Manufacturing in the capital is becoming high technology-oriented through projects such as the Peace Shield Offset Program which is not only bringing in the cutting edge of technology to the capital but also boosting the technical manpower, ADA observes in its report.

The surge on the industrial front has moved in tandem with Riyadh's demographic expansion. The report states that the population of Riyadh was estimated to be 1,520,000 in 1988 as against 1,389,000 in 1986, 690,000 in 1977 and 300,000 in 1968—periods when similar population estimates were conducted. "This means that the overall population growth in the city for the past 20 years has been 8.4 percent, which is very high compared to other metropolitan areas in the world. The city's population is projected to grow to 2.3 million by the year 2000, or by about 65,000 persons each year," the report said.

This has triggered a sharp growth in the educational sector with 700 schools at all levels functioning in the capital. Nearly all the 175,000 Saudis between 12 and 19 years of age attend school, and over 20,000 Saudis in the working ages of 25 to 40 years have university degrees. Sixty-two percent of all managers and professional workers in the city have university degrees, and 8,000 persons were estimated to be enrolled in various vocational and technical training programs last year.

Investment potential, according to ADA, also exists in the capital's health care sector, which has 27 hospitals with over 9,000 beds and 140 health centers. The King Fahd Medical City, due to open in 1991, will contain five separate full-service hospitals with a total of 1,500 beds. The health care industry is projected to be an expanding element of the city's economy with a variety of medical products already or planned to be manufactured in Riyadh.

The city's economy has thus become more diversified and less dependent on any one sector, such as construction and government. "Employment is estimated to have grown 4.5 percent annually from 1986 and totaled 518,000 at the end of 1988. Of this, approximately 313,000 was employed in the private sector, up from 289,000 in 1986 and 137,000 in 1977. Sales are strong in the city in nearly all areas. For instance, retail sales are estimated to have increased by six percent in 1988 alone, reflecting continued growth in household incomes and spending," the report said, adding that the per capita household income has risen from \$1,887 in 1977 to \$5,092 last year.

### **Economists Discuss Trend Towards Privatization**

44000034 Jeddah ARAB NEWS  
in English 16 Sep 89 p 3

[Article by Salah Sindi: "Privatization to Quicken Development"]

[Text] Jeddah, Sept. 15—Saudi economists have emphasized the importance of privatization in accelerating the Kingdom's development process. According to them,

quick decision-making and action, running firms at a profit and controlling expenditures are some of the salient features of privatization.

Saudi Arabia plans to shift many of the government projects to private companies over the coming years in its bid to boost economic development. The upcoming Fifth Five-Year Development Plan (1990-95) will see a greater role for the private sector in economic, service and development activities.

'Abd-al-Rahman 'Abdu, director of investments at the Dallah Group, says: "The main reason for transferring government-run projects to the private sector is that the public sector used to take a considerably long time to make a decision while the private sector makes decision quickly."

In Britain, for example, where many of the government companies were brought under the private sector they started improving and attaining considerable profit. In Japan about 76 percent of projects, which were previously run by the public sector, were sold to private companies.

"In private companies unnecessary expenditures are rarely found as the board of directors have to answer for them before the general assembly and the shareholders," 'Abdu pointed out.

However, Dr. 'Umar Baqa'ir, professor of international economics at Jeddah's King 'Abd-al-'Aziz University, noted that privatization was not given its due importance until recently. He highlighted the private sector's ability to run firms with competence, using modern technology and expertise.

The Saudi private sector, thanks to its continuous contact with their counterparts in other countries, especially in the developed world, has gained a lot of experience during the last 25 years.

Projects that can be transferred to the private sector include transportation, telecommunications, ports, prisons, railways, oil refining, production and marketing of petrochemicals and production systems.

'Abd-al-Ilah Subhi, director of Al-Baraka Investment Company, says that the private sector will not be in a position in the beginning to undertake big projects, particularly due to the risk involved in them. "The government may leave them to private firms after completing all infrastructure facilities," he added.

Privatization, according to Dr. Baqa'ir, provides new investment opportunities to Saudi businessmen. It demands a lot of capital and excellent administration. Businessmen hope that the government would transfer many public projects which have been running at a profit to the private sector.

"The government has implemented many gigantic projects spending billions of riyals without any profit motive, and now the time has come for their operation

and maintenance. It is believed that the private sector can undertake the operation and maintenance works in a better way," Subhi said.

Dr. Baqa'ir said the privatization will subsequently raise the Gross National Product (GNP). "So naturally, the government will be able to undertake more new projects in the future," he added.

Subhi recommended the need for compelling private firms undertaking government projects to train the Saudi cadre in their operation and maintenance works.

Subhi, who is also former director of the Al-Rajhi Banking and Investment Corp. (ARABIC), said the liquidity of Saudi banks has gone up in recent years. Moreover, Saudi investments abroad have started returning to the country, he added.

"The capability of people to buy company shares has also increased. Last year, for example, three companies sold their shares on the market and all of them were sold out. There was a big demand for ARABIC shares which were sold out for SR2.5 billion instead of SR300 million," Subhi said.

The floating of big public company shares on the market will be a gradual process, he pointed out, and cited SABIC (Saudi Basic Industries Corp.) as an example. "If the corporation had floated all its shares on the market at one time nobody could have bought them, he added.

SABIC has already sold 30 percent of its shares to Saudi and GCC [Gulf Cooperation Council] citizens. Recently, Industry and Electricity Minister 'Abd-al-'Aziz al-Zamil announced that the ownership of the corporation to Saudi citizens would be transferred gradually adding that the state would not keep more than 25 percent of its capital.

Asked why the current liquidity was not used to establish new projects instead of channeling it to buy shares of existing companies, Subhi said the private sector will not undertake risk-involved firms as it is directly concerned with profit contrary to the public sector.

"Generally this money returns to the public treasury and the government can implement big projects such as those under the Economic Offset Program. Later the government can sell these new projects to the private sector," 'Abdu said.

Speaking on the problems facing privatization, 'Abdu said the private sector was not playing its role properly. "It's simply looking for profits and does not consider the standard of services it offers," he added.

However, he stated that the private sector has the adequate experience to undertake major projects. He noted the success of the last Saudi businessmen's conference held in Jeddah and said it discussed many important issues.

Dr. Baqa'ir said all industrialized countries and some of the developing states, including Iraq and Oman, have passed through the stage of privatization. "It was not an easy task and all these countries have faced many problems in the wake of privatization.

Baqa'ir cited Japan as a good example of the success of privatization. The stock exchange in Japan is 22 times bigger than in the mid-1970s, he noted.

In Britain, 'Abdu explained, when the Conservatives took power, many government projects were transferred to the private sector, but the move was staunchly criticized by the Labor Party. However, the projects shifted to private firms have started making good profits, he added.

Subhi dismissed fears that privatization would affect the jobs of many employees in the public sector saying that the private sector will never get rid of experienced hands. "In the private sector talented and hardworking employees will get good salaries and other benefits," he added. "Privatization does not mean a reduction in salaries," Subhi said and pointed out that the salaries of SABIC employees have increased considerably.

On the steps to be taken for privatization, Dr. Baqa'ir said: "In my opinion, public projects must be sold directly to private firms along with the right of production, marketing and pricing. New competitors must also be allowed to enter into the field."

According to Subhi, the public firms recommended for privatization are Saudi Arabian Airlines, Saudi Railways Organization, Petromin and Saudi Ports Authority. "Even the prisons can be brought into the private sector and the prisoners can participate in production," 'Abdu opined.

Other establishments and projects which can be shifted to the private sector, according to 'Abdu, are university education, the Grain Silos and Flour Mills Organization, telephones and desalination.

## SUDAN

### Government Allegedly Tries To 'Liquidate' Rebel Leaders

45000033 Cairo AL-AHALI in Arabic 25 Oct 89 p 3

[Text] The ruling military council in Khartoum has made an agreement with the Ethiopian People's Revolutionary Party, an opposition party which represents the side of former emperor Haile Selassie, to liquidate three of the most prominent commanders of the popular movement led by John Garang. They are: Yasir Sa'id 'Arman, Dr Mansur Khalid, and Yusuf Kuwah. Mubarak al-Fadil [al-Mahdi], the former interior minister and nephew of al-Sadiq al-Mahdi who is now living in London, has been subjected to anonymous harassment. This has resulted in the British Government's placing him under special surveillance.

### Government Announces Investment Law, Agricultural Incentives

900A0051A London AL-DUSTUR  
in Arabic 18 Sep 89 p 37

[Article by Salah 'Abd-al-Rahman]

[Text] The Sudanese government recently announced new measures to encourage local and foreign investment, especially Arab investment. The measures included the establishment of a public authority for investment, and the passage of a new law to encourage investment, replacing the previous law passed in 1980, which had been considered inadequate in many respects, and which had not attracted investments as its enactors had planned. Some of its shortcomings are the weakness of the incentives that it granted to investments, the long time that it took to get things done whether they be obtaining lands or licenses, and the many government offices with which the investor had to deal. The government is trying to hold a conference for Arab investors soon. The most important features of the new investment law include reducing and shortening the measures of approving the projects, standardizing their channels, such as those for taxes and licenses; permitting investors to export a part of the product of their projects and to keep part of the returns in foreign currency for spare parts and other needed items. In addition, they would be exempt from production fees and local taxes which currently are up to 70 percent of the returns, and they would be given a larger share of the profits, and participate in selecting project boards of directors.

These investment measures are in accordance with the course that the government began to follow recently, whereby the state intends to turn light and medium industries over to the private sector. This course began with the government's recent announcement that it would study the situation of public establishments to determine what type ought remain under the state, and which were suitable for the private sector, with the assurance that the state would not keep any losing establishment.

That was followed by an announcement inviting Arab and other investors to study the establishment of the more than 700 investment projects in the fields of textiles, raw materials, and others. It is expected that a delegation of Saudi investors will arrive in Khartoum this month.

The negative aspects of investing in the Sudan are many, including the instability of the security situation due to the war in the south, and the constant changes in economic policies from one minister to the next, in addition to problems of land ownership and the laws which governed it. These came to a head in the early seventies, when a law was passed requiring that all lands in the country not registered to individuals be automatically registered to the state, which caused many problems, since people began to claim title to lands, some of which were profitable, to get around this law. These



problems were reflected on investment projects, as in the case of the agricultural oasis project, a Sudanese-Kuwaiti venture, on which work stopped after canals were dug and water pumps installed because of conflicts with the people in the region of the project.

The problem recurred in another project, the al-'Usaylat agricultural project in Khartoum, in which investment was halted for similar reasons. Also, many of the citizens to whom the government distributed land for fruit and vegetable projects were unable to exploit them because of such conflicts. Therefore the responsible parties are making a comprehensive review of the land laws to settle such disputes and encourage local and foreign investment.

Under the new investment law, every technical agency will be given the right to study the submitted projects. That was decided upon after the government had formed a committee to review the previous investment law. The committee has completed a draft of the new law, which is expected to settle the previous conflict between the Ministries of Finance, Industry, Agriculture, and Housing. Each of them felt that it had to vote on the technical aspects of every investment project, and that its vote ought to be the decisive one, something which the Ministry of Finance seems to believe will prolong the process and hinder investment.

On this subject, AL-DUSTUR asked Dr Sulayman Sayyid Ahmad, director of the department of agricultural investment in the Ministry of Agriculture and Natural Resources, about his opinion on Arab investment in the Sudan. He said: "International trade is not as free as it used to be, since it has come to be affected by blocs. We Arabs import more than 16 billion pounds worth of agricultural goods a year, much of which the Sudan could easily produce, and its marketing would be more certain, especially in the case of oil, meats, vegetables, fruits, legumes, sugar, and tea. Also, in the Sudan there are wide-open fields for investment which need large capital that is not presently available. Expanding the base of agricultural investment would open broad areas for the exchange of goods between the Arab states, such as farm machinery which is produced by states such as Algeria, in return for which we could export meat, especially when we bear in mind that the Sudan, for example, imports 2,000 tractors and 200,000 tons of fertilizer a year.

"As for areas of investment, they include projects to fatten livestock for export, dairy products, chickens, and participation in existing industries such as sugar and textiles, in addition to grains and oilseeds which are grown in rainfed areas, in particular sunflower seed oil. This is in addition to fodder crops, which the Arab world imports in large quantities. Investment opportunities also include establishing industries that depend on agriculture, such as tractors, fertilizers, and pesticides. Mining is a wide-open field, especially in the areas of gold, copper, zinc, and mica.

"The question now is, how successful will the efforts to attract Arab investment to the Sudan be after the obstacles which surrounded it in the past are removed, especially since Arab investment in the Sudan exists in significant amounts. It currently is up to \$1.5 billion in massive projects, such as the Kinanah sugar plant, one of the largest sugar plants in the world. However, this investment was frozen recently after Arab funds and funding establishments stopped giving loans because of circumstances relating to the repayment of their loans."

#### **Al-Bashir Calls September Laws 'Inappropriate'**

90OA0050B Khartoum AL-QUWWAT AL-MUSALLAHAH in Arabic 5 Sep 89 p 3

[Excerpts]

#### **The President Meets With Expatriates in Yugoslavia**

Everywhere that the leader of the revolution of salvation goes he is eager to meet with expatriates. He has met with them in Tripoli, and he is meeting them in Belgrade. He told them that the success of the revolution depends on the fighting youth to elevate the nation, and his talk was clear and frank. [passage omitted]

#### **The Sudanese People Love Democracy and Freedom**

We know that the Sudanese people love democracy and are enamored of freedom. We had hoped that the third democracy would last, but the parties served their own interests and those of their members; they were preoccupied with concessions, building homes, and filling quotas. They were distracted by that from the problems of the nation, the situation deteriorated, and security disintegrated. [passage omitted]

#### **The Country's Agricultural Season**

When the revolution broke out, we found the farmers striking because they lacked what they needed for production. We supplied their needs with incredible speed, and they supported the revolution by lifting the strike and turning their attention to agriculture and production, and now it bodes well for the agricultural season. [passage omitted]

#### **Once Again, the Problem of the South**

The president responded to questions, saying: "We have been able to send aid to the south, and we have absolute faith in the dialogue on solving the problem, keeping in mind that the Qarnaq movement was not the only party to this problem. There are those from the equatorial provinces who have an opinion on the problem of the south, there is Anyanya II, there are also forces in Bahr al-Ghazal, and there is Dr Lukan who leads a movement in Zaire. We want a solution which will satisfy everybody. We have spent a lot on the south since 1955, but all development projects there are at a standstill because they were wrecked by the insurrection".

**Question About September Laws**

The leader of the revolution responded to this question by saying that the laws that were laid down by Numayri were inappropriate for the rule of the Sudan because they did not serve Islam, which believes in mercy and justice, and these laws were applied in an abhorrant manner because they were used to prosecute non-Muslims. We have now formed a steering committee to study the relationship of religion to politics and the distribution of wealth.

**Our Question About the Unions**

His excellency the lieutenant colonel went on to say: "The unions will be formed in a realistic way based on the situation of the workers and to serve their interests. We are trying to distance union activity from political activity." [passage omitted].

**A Question on Compulsory Service**

The leader of the revolution affirmed that compulsory service was important to a developing country such as ours, since everybody must participate. "We have established a budget to meet the needs of this service." [passage omitted]

**A Question on an Independent Press**

The commander responded to this question: "We want a free press, and we are trying to publish newspapers that bear that mark. But you all know that certain newspapers were operating under direction from abroad. We are trying to get the press to become establishments, and the press law will set all the specifications necessary for a free and independent press that would bring honor to the Sudan and the Sudanese people."

**SYRIA****New Ration Cards To Be Put Into Use in November**

90OL0073a Damascus AL-THAWRAH  
in Arabic 23 Sep 89 p 5

[Article by Muhammad Salhah]

[Text] Distribution of the new ration cards is about to be completed, although there is still more than one month to go before these cards come into effect. The cards will enable about 90 percent of the citizens in all the provinces to draw their ration allocations.

Although the general and comprehensive distribution has almost reached its final stages, during the remaining period before the cards are put into use as scheduled for next November the rest of the citizens will definitely receive their allocations during this time, after cards of all categories, especially those for one person and two persons, become available. The unavailability of these cards in particular was the reason for the delay in the

general distribution which, according to the distribution plan, was supposed to be completed by the end of August.

But the shortage in these two categories has prevented implementing the distribution plan on schedule. However this shortage was certainly not the only reason for the delay. There were other reasons, the most important of which was the delay by the ration card distribution committees in beginning their work in a number of provinces, foremost of which is Damascus, due to shortage of personnel willing to undertake this work because of the responsibilities, hard work, and exhaustion it involves—work without remuneration commensurate with the volume of work. It is also because of the lack of specialist personnel at the Ministry of Supplies and Internal Trade to work exclusively on this project. The distribution committees come under the local administration in the provinces, and consist of representatives from a number of government departments, including finance and supply.

The Ministry of Supply and Internal Trade encountered difficulties before it was able to bring this task to a conclusion. In order to achieve this, it was compelled to change the system of distribution of rationed supplies in the past few months. It has merged the remaining valid period of the oil coupon in one single coupon and did the same for the tea coupon. It has also merged two months sugar ration supply in one single coupon and did the same for the rice coupon. This is despite the pressure that such merging puts on demand for supplies in one single month, since most people try to draw their rationed supplies, which are sold for a token price, at once, fearing that such commodities will not be available after the first consignment runs out. Despite these problems, the great crowds that throng the retailing centers, and the difficulties the center's workers have experienced, the workers have done the best they can in the light of the stock available to them.

I believe that a large number of citizens have drawn their supplies of rationed commodities under the system of merging two months' coupon in one single coupon. This is contrary to the previous months when a considerable number of citizens were unable to obtain their allocations. The citizens have benefited from the prolonged distribution period, which will continue until the end of this month, so that everybody will be able to obtain their allocations. There are sufficient commodities at the distribution centers and outlets to enable the distribution to be completed, and the centers are doing their best.

Generally, it is not an easy matter for 11 million citizens or more to obtain their allocations under the ration card system. It has involved exhaustive efforts by the staff of the Ministry of Supply and Interior Trade, whether in the central administration, or at the directorates of supply and their branches in the provinces and districts, as well as by the staff attached to the distribution centers from all the government departments. They all have

earned the public's appreciation. We hope that the government will also express such appreciation.

Several cases of fraud were discovered during the distribution, and the security and supply authorities have made great efforts to detect the fraud, arrest the perpetrators, and refer them to the courts so that they will receive just punishment.

With the approaching implementation of the new ration card date scheduled for the beginning of November, we believe that the Ministry of Supply and Interior Trade should, during the remaining period of time before the distribution begins, make intensive efforts to arrange and organize a safer and more disciplined system of commodity distribution, particularly with respect to retrieving coupons from the distribution outlets, checking them, and destroying them. This is in view of the fact that this stage represents a critical point in organizing the distribution system and could lead to the attainment of greater stability for rationed commodities in the markets. It would also create a sense of satisfaction among the citizens, and comfort and reassurance for the authorities controlling distribution, especially the Ministry of Supply and Internal Trade. This ministry alone shall remain the authority on which the results will reflect, and will be responsible for the results, be they negative or positive. Because of its long experience in the distribution of rationed commodities and the use of ration cards, the Ministry of Supply and Internal Trade realizes that collecting and destroying ration coupons is the last and weakest link in the distribution operation. It is also aware of the fact that most trading with ration coupons is carried out through this loophole, especially those coupons received through private sector groceries. So far, it has not been possible to organize and control this operation. Every day, delay in collecting coupons in the possession of private sector groceries will provide many opportunities for tampering with groceries coupons. This is perhaps due to the existence of suspect relations between these groceries and the authorities responsible for destroying those coupons, something which we do not wish to see happening because we care about the workers, the commodities, and the citizens too.

We are confident that the Ministry of Supply and Internal Trade will devote special attention and effort to the ration cards distribution operation. This is in view of the burden the government shoulders in subsidizing rationed commodities to ensure their availability to citizens, for these are vital commodities that should not be tampered with, nor should their handling lead to additional burdens.

We also would like to draw the ministry's attention to the distribution experiment of the past few months: that is, merging the ration of more than one month in a single coupon, giving the citizens greater latitude in drawing their allocations without the fear [of shortages]. This would also enable the supply authorities concerned to make the commodities available in a better manner. This

experiment is worth studying, and could contribute to the development of the existing distribution system through observation of the system of distribution to the grocery stores. Although this may provide a broader distribution base, at the same time, it is a weak link in that it provides not only an opportunity for trading with coupons, but also a means for these grocery stores to tamper with the distribution of allocations by tampering with weights. This is something the citizens have been complaining about for the last three years.

Distribution of rationed commodities should first be carried out through the retailing company outlets, and second through the consumer cooperative society. And if there is still a need for more outlets, then this matter should be studied thoroughly and carefully.

## UNITED ARAB EMIRATES

### Joint Computer Venture Established With Chinese

44000632 Dubayy GULF NEWS  
in English 10 Aug 89 p 9

[Article by a staff reporter: "UAE Firm in China Hardware Venture"]

[Text] A UAE [United Arab Emirates] trading firm and a Chinese company set up a joint venture yesterday for a computer hardware and software firm to be based in Dubayy. The venture was established by JBRup Trading Co of Dubayy and the China Rainbow Development Corp (CRDC) to maintain and establish computer hardware, develop software, and market those items.

JBRup Trading Co's parent company is JBRup and Company Pte. Ltd., based in Singapore. The firm's local personnel will be responsible for the marketing and sales aspect of the new venture. CRDC's technicians will maintain and develop computer hardware and software. CRDC is a technology resource firm in Beijing for China's nuclear industry. Its scope of domestic operations includes geological prospecting and construction engineering services in addition to computer software development, which is its specialty.

The enterprise will entail the marketing of Universal computers, an IBM-compatible computer manufactured by Universal Computers Pte. Ltd. of Singapore. JBRup Trading Co. is one of three centers which markets Universal machines. The other two are al-Jazirah Computer Co of Abu Dhabi, and Universal Computers of Jumayrah in Dubayy.

The agreement was signed by Mr. Rupchand J. Bhojwani, chairman of JBRup Group of Companies, and Mr. Xie Qichang, business development manager of CDRC.



**Statistics Show Increase in Trade With Japan**

44000663 Dubayy GULF NEWS  
in English 15 Aug 89 p 9

[Article by a staff reporter: "UAE-Japan Trade Rises Marginally"]

[Text] Trade between the UAE [United Arab Emirates] and Japan has increased slightly at current exchange rates, by around 0.3 percent in the first half of this year compared with the same period of 1988.

UAE was ranked 10th by Japan as an import source and 28th as an export destination during 1988. This ranking has continued into the present year.

Japan's imports from the UAE accounted for 2.6 percent of its total imports, and exports to the UAE for about 0.5 percent of Japan's total exports during 1988. The percentage remains the same for the first half of this year.

In the period January to June 1988, total imports and exports between the UAE and Japan stood at Dh12.36 billion (\$3.355 billion).

These have gone up to Dh12.40 billion (\$3.365 billion) in the same period of 1989.

Japan's imports from the UAE fell slightly by 0.81 percent in the first half of this year as compared to the same period of 1988. They eased from Dh9.99 billion (\$2.711 billion) to around Dh9.91 billion (\$2.689 billion) in the comparative periods of the two years.

Exports by Japan to the UAE, have however, increased by some 4.97 percent from Dh2.37 billion (\$644 million) recorded during January to June in 1988 to around Dh2.49 billion (\$676.13 million) in the same period of this year.

Imports by Japan from the UAE far exceed Japanese exports to the UAE and constitute approximately 75 percent of the total import-export trade between the two nations.

However, the gap between the two narrowed marginally from Dh7.62 billion (\$2.067 billion) in the first half of 1988 to Dh7.42 billion (\$2.013 billion) in the same period of 1989.

Total import-export trade between the UAE and Japan during 1988 stood at Dh24.37 billion (\$6.610 billion) with imports accounting for Dh19.63 (\$5.324 billion) and exports for Dh4.74 billion (\$1.286 billion).

During 1988, imports grew by some 3.4 percent over the previous year, while exports experienced a growth of about 9.4 percent over 1987.

A new trend that began in trade between Dubai and Japan during 1988 was that last year, the Emirate became one of the leading re-exporters of West German cars to Japan.

Japan is Dubai's leading trade partner, both in imports and exports.

During 1988, imports by the Emirate from Japan stood at Dh3.92 billion, up from Dh3.45 billion during 1987, an increase of about 13.6 percent.

Non-oil exports to Japan by Dubai increased by 74.6 percent during 1988 from Dh404.7 million in 1987 to Dh706.8 million during 1988.

Japan ranked 14th as a re-export destination of goods from Dubai accounting, for Dh94.02 million worth of re-exports during 1988.

## BANGLADESH

### Verdict on Constitution Amendment Analyzed

46001055 Bombay *THE TIMES OF INDIA*  
in English 14 Sep 89 p 9

[Article by Zaglul Chowdhury: "Bangla Judiciary Proves Its Might"]

[Text] Dhaka, September 13. The recent supreme court verdict is a victory of unprecedented magnitude for the judiciary in Bangladesh.

The verdict that came after 31 days of arguments before a four-member bench on September 2, has been hailed as a great victory by lawyers as well as the opposition parties since the issue known as the eight constitutional amendment case had evoked a lot of interest.

While the judgment came as a setback to the government of President H.M. Ershad, the government could draw comfort from the fact that it had helped prove that the judiciary was independent in the country.

As the analysis of the judgment continues in political and non-political circles here, what is interesting is that the judgment is likely to encourage more writs in the supreme court challenging many other constitutional amendments.

The constitution of the country had been amended nine times by three successive regimes since 1972. For the first time, an amendment to the constitution has been declared ultra vires and void by the supreme court.

The verdict that was given by a three to one majority by the four-member bench, raises the possibility of several other amendments, like that of declaring Islam as the state religion of Bangladesh, being challenged in the court.

In fact, some individuals and organisations are preparing to take some other constitutional amendments to the supreme court.

The eighth constitutional amendment provided for the setting up of six permanent high court benches outside Dhaka and also made Islam the state religion of Bangladesh. The amendment was passed by the Jatiya Sansad with the required two-third majority last year. Most lawyers' associations protested against the setting up of the permanent benches outside Dhaka, arguing that this would diminish the powers of the high court.

During the arguments, the attorney general, Mr M.D. Nurullah, and the lawyers scanned the constitution and both sides cited references from different countries. Instances from different cases of similar nature involving the government and the judiciary in India were also cited.

The supreme court finally gave the much-awaited judgment declaring the formation of the permanent benches as ultra vires. Mr Justice Badrul Haider Chowdhury read

out the judgment before a packed court room, sending the court's opposition and the lawyers' associations into jubilation.

Undoubtedly, this came as a setback to the government which said the permanent benches of the high court were set up for the convenience of the people in the far-flung areas in the districts. "But we stand by the verdict which shows that the judiciary is independent in the country," said the vice-president, Mr Moudud Ahmed, who is also a well-known lawyer.

Reactions of the lawyers to the judgment in the districts outside Dhaka are mixed. A government spokesman said such a judgment by the supreme court is nothing unusual since the Indian supreme court had also nullified constitutional amendments passed by the Parliament vis-a-vis the supreme court.

The first four amendments to the Bangladesh constitution were brought about by the government of the country's founder-leader the late Sheikh Mujibur Rahman, the most important being the fourth amendment that replaced Parliamentary system by Presidential system and introduced one-party rule.

The fifth and sixth amendments came during the regime of late president Zia-Ur-Rahman on changing the preamble of the constitution and status of the office of the vice-president.

The seventh, eighth and ninth amendments have been brought about by the present government of President Ershad. Of all these amendments, the fourth one on the one-party system and the eight amendment on making Islam the state religion and setting up of high court benches outside the capital generated a lot of controversy.

Regarding the part of the eighth amendment that has made Islam the state religion, the Awami League leader and well-known advocate, Mr Shudangshu Shekhar Halder, said a writ in this regard had been filed and would be heard after the current vacation of the supreme court was over.

Another organisation—The citizens' committee—also plans to file a writ on the issue.

### Dhaka Trade Talks With India End, Pact Extended

46001054 Calcutta *THE TELEGRAPH*  
in English 11 Sep 89 p 4

[Text] Dhaka, Sept. 10 (PTI): India and Bangladesh today signed a letter extending the validity of bilateral trade agreement between the two countries for a period of three years with effect from October 4.

The Union minister of state for commerce, Mr Priya Ranjan Das Munshi, who led the visiting Indian delegation, and the Bangladesh minister for commerce, Mr

M.A. Sattar, signed the letter of agreement on behalf of their respective countries following two days trade review talks.

This is the third extension of the third trade agreements signed between the two countries in 1980. Earlier, officials of the two sides signed an agreed minutes stipulating the areas of trade cooperation between India and Bangladesh.

During the talks, India had indicated interest in setting up joint venture projects in the areas like modernisation of sugar mills and construction of new sugar mills and paper plants, an Indian delegation source said.

The two sides emphasised the need for greater exchange of information between the private sectors and agreed to mount buyer-seller meets in each other's country.

Bangladesh requested India for a long-term agreement for supply of coals which India agreed to examine. With a view to reducing the existing trade gap between the two countries both the sides agreed in principle to explore the possibility of entering into a long-term agreement for export of newsprint and urea by Bangladesh to India.

Besides, agreement was reached for appropriate steps towards lifting of jute carpet and jamadani saree as per decision taken in the last trade review talks held in Delhi in 1986.

Bangladesh also suggested to conclude a special trading arrangement (STA) between the trading corporation of the two countries for mutual exchange of goods with an indicative value worth \$40 million each way over a period of one year. The Indian side took note of the proposal and indicated that their reaction would be communicated by the end of next month.

A number of areas were also identified where joint venture projects under possible buy back could be set up in Bangladesh, official sources said. The areas include composite textile, electrical and electronic goods, leather goods, toys, industrial, chemical, gas cylinder, cement, machine tools, sports goods, pesticides, luggage and fish processing plants.

The Indian high commissioner in Dhaka, Mr K. Srinivasan, and the Bangladesh commerce secretary, Mr Khorshed Alam, were present during the signing of exchange letters.

### **Century Supply of Coal Found in Northern Bangladesh**

46001056 Calcutta *THE TELEGRAPH*  
in English 18 Sep 89 p 10

[Text] Dhaka, Sept. 17 (DPA): A vast coalfield, capable of supplying Bangladesh's energy requirements for 100 years, has been discovered in the northern part of the country, it was announced here.

The geological department said yesterday that the 50 square mile field was discovered in Pirganj in northern Rangpur district bordering India.

## **INDIA**

### **Gandhi Speaks at Launch of Indigenously Built Submarine**

46001026 Madras *THE HINDU*  
in English 1 Oct 89 p 1

[Text] Bombay, Sept. 30. Anyone who does not see Indian Navy's development and growth in its proper spirit, according to Prime Minister Mr Rajiv Gandhi, does not have a true measure of India's defence requirements and intentions which are in the main intended for protecting the country's economic interests.

Speaking after his wife, Mrs Sonia Gandhi launched INS [Indian Navy Ship] Shalki, India's first indigenously built submarine with HDW (West Germany) collaboration at the Mazagon Docks here today, Mr Gandhi said that if it was felt that the Indian Navy was being strengthened disproportionately, it only denoted lack of any proper understanding of the security requirements.

A little earlier, at the same forum, the Defence Minister, Mr K.S. Pant, had emphasized that a campaign was on to raise 'a bogey' of excessive growth of the Navy, far beyond the requirements of the country even as "non-regional powers sent in their ships to the Indian Ocean," and when Indian naval ships sailed there, the bogey was raised. "No eyebrows are raised if ships of non-regional powers venture there."

Mr Gandhi and Mr Pant stressed that the Indian Navy has economic interests to protect. The Prime Minister said that India should do what it considers right for its own security and it was looking for resources to keep Naval development to the levels required.

### **A Third Dimension**

Mr Pant, in an elaborate presentation of this view, said that considering the factors of the long coast line, the island territories, protecting the oil platforms and the maintenance of the vital trade, the Indian Navy was modest in its size, though it had now acquired the third—underwater—dimension.

Mr Pant said that in this era of silent and even nuclear-powered submarines, "we are taking such steps that bring in the correct technology and make the Navy forward-looking."

Rear Admiral M.M. Puri, Chairman and Managing Director of the Mazagon Docks Ltd., which is building the second submarine of the same design, said that the capacity developed for submarine building at the Mazagon Docks needs additional work to retain the skills developed.



Admiral S. Nadkarni, Naval Chief, outlined how the induction of the submarines into the navy had given it a potent dimension.

The submarine launched today is the first of the two SSK 1500 type, which will carry a rescue sphere, capable of ejecting all the crew if there is a contingency. The construction began in 1984 January and it took longer than normal since for the mazagon Docks to build it for it is the first of its kind.

Constraints of depth at the dockyards led to its being built in a dry dock on a pontoon specially designed for it.

### **Accusations of Clandestine Imports From U.S. Denied**

#### **Government Spokesman Cited**

46001037 Madras *THE HINDU*  
in English 15 Sep 89 p 9

[Text] New Delhi, Sept 14—India today denied clandestine import of radiation hardened micro programme (RHMP) devices for INSAT-Two and asserted that it was taking place with the approval of the U.S. Government.

Describing as "baseless and false" a report in this regard in a local daily, an official spokesman said the Indian Government had never made any attempt to circumvent U.S. export control laws.

He said the RHMP devices import was under an agreement between the two countries concluded on August 11 last year which was ratified by the U.S. Government on August 29 and by India on December 8 last year.

Describing the report as "tendentious, slanted and uninformed," the spokesman said "such stories only serve the interests of those who have the ulterior motive of maligning India."

He said India's technology transfer relationship with the U.S. and, indeed, with all other countries, had been without blemish.

During the five years since the memorandum of understanding on technology transfer between the U.S. and India was signed, there was not a single instance of unauthorised technology transfer, he added.

In fact, the spokesman said, the release of RHMP devices was a testimony to the confidence the U.S. Government had regarding India's adherence to its commitments.

The spokesman said India's technology transfer arrangements were working well and it was evident from the fact that during 1988 alone it imported high technology products worth \$1.4 billions controlled under the U.S. Export Control Act.

Giving details of the agreement, he said the Indian Space Research Organisation (ISRO) had sought the import of

RHMP devices for the ingeniously-designed INSAT-Two satellite and after discussions with the U.S. an agreement was concluded setting out the arrangements, terms and conditions for their release to India.

He said the Indian delegation at the discussions was led by Mr P. K. Singh, Joint Secretary (Americas) in the External Affairs Ministry and included the INSAT-Two Project Director, Mr P. S. Goel, and senior ISRO officials.

The U.S. team was led by Mr Vincent De Cain, Deputy Assistant Secretary for Political and Military Affairs, and included representatives of the Defence Department and other agencies.

#### **Space Department Denial**

46001037 Bombay *THE TIMES OF INDIA*  
in English 17 Sep 89 p 11

[Text] New Delhi, Sept 16 (UNI)—The department of space today said the purchase of microprocessor components for INSAT-2 from the U.S. was under a memorandum of understanding and did not violate the U.S. Army Export Control Act.

Denying a newspaper report that the Indian Space Research Organisation (ISRO) clandestinely imported 2,000 pieces it said the ISRO had not procured even a single device of this type from the General Electronics Corporation.

The ISRO on its own has successfully built and launched nine satellites, including a state-of-the-art satellite, IRS 1A. It does not need any assistance in the design of INSAT-2 nor has it asked for any technology transfer," the department said. [quotation mark as published]

Giving details of the deal, the department said the entire design of INSAT-2, including the onboard computer, was totally Indian.

"The ISRO had only been procuring a few components such as radiation-hardened microprocessor devices which are commonly used in all long-life geostationary satellite missions.

For this purpose, all known vendors including GE/RCA were contacted and discussions with vendors were held as per normal purchase procedures only on cost and schedule of delivery.

No additional literature except that pertaining to general specifications, which is the normal practice, was ever asked for, nor did ISRO at any time seek technology transfer.

Based on the suitability of specifications, a letter of intent for the purchase of these components was placed with RCA in May, 1987.

As the export clearance from the U.S. government was getting delayed and affecting the INSAT-2 schedule, the issue of the commercial sale of these components was taken up at the highest government level.

The sales of these radiation-hardened devices was first discussed in the joint meeting between the U.S. state and defence department officials led by Mr Phil Hughes, deputy assistant secretary, political and military affairs, and the Indian delegation led by Mr P. K. Singh, joint secretary in the ministry of external affairs.

This matter was further discussed in Delhi in April 1988 during the visit of the U.S. defence secretary, Mr Frank Carlucci.

A delegation led by Mr Phil Hughes also visited Bangalore for further discussions on security aspects.

Following this and at the specific request of the U.S. government, an Indian delegation led by Mr P. K. Singh of the external affairs ministry, which included ISRO specialist P. S. Goel, made a presentation in May 1988 to U.S. defence and state department officials justifying the number and the type of components required for the two INSAT-2 flight model satellites.

The ISRO's requirement for about 700 space-qualified chips was fully justified during the presentation, taking into account that two satellites had to be built with minimum spares.

Subsequently, in August 1988, an agreement for the commercial sale of these components was finalised.

This agreement was totally governed by the joint MOU.

#### State Department Response

46001037 Madras *THE HINDU*  
in English 20 Sep 89 p 9

[Article by R. Chakrapani]

[Text] Washington, Sept 19—The U.S. State Department discounts allegations that Indian officials or the former U.S. Ambassador in New Delhi, Mr John Gunther Dean, were in any way involved in the sale of silicon chips made by the General Electric and Radio Corporation to the Indian Space Research Organisation [ISRO] for its satellite programme.

An official of the Department, who is fully conversant with the deal, said "No Indian or U.S. officials are under investigation". He made the comment when his attention was drawn to serious allegations contained in an article in a New Delhi newspaper.

Among other things, the report had said the U.S. Department of Justice was considering bringing charges against the GE/Radio Corporation of America for violations of the Arms Export Control Act on the sale of radiation hardened silicon chips to ISRO. It also alleged that eight Indian officials—two belonging to the embassy staff at Washington and six others in ISRO—were "suspects" in the deal.

Fraught with inaccuracies: The State Department official said the articles in question "are fraught with inaccuracies. "The basic information we have available is

that no Indian or U.S. officials are under investigation." [quotation marks as published]

However, he was in no position to say whether the company was under investigation for violations of the Act in its transactions. This was a question concerning the Justice Department.

As far as the U.S. deal with ISRO for the supply of material for the satellite programme is concerned, the official said, "This transaction is above board."

"The basic arrangement for the sale of this particular device was done in straightforward negotiations between our two Governments. We have had very good relations with India in terms of dealing with these sensitive materials."

The General Electric Corporation has made no substantive comments on the charges against a top executive of the corporation. "We are aware of the news stories that have appeared in the press and we are looking into it", said the G.E. spokesman, Mr George Jamison.

A Justice Department official declined any comment. The department, he said, as a rule would not confirm or deny whether an investigation was under way or whether charges were being made. [passage omitted]

The report had also alleged that ISRO had illegally obtained a design of INSAT-II compatible with an AOCS [Automated Orbit Control System?] built with GE/RCA microprocessor chips and that the satellite was being built to this design. The DOS [Department of State] had described the published report as totally false with the purpose of maligning India and 'undermining the friendly relationship between the two countries.'

Talks at highest levels: Stating that the INSAT-II design, including the on-board computer, was totally Indian the DOS had clarified that negotiations for export of the chips in question were carried out at the highest inter-governmental levels, involving the Ministry of External Affairs and the U.S. Department of Defence.

According to the DOS, an agreement for their commercial sale was finalised in August 1988 in which the conditions of sale, type and quantity and technical specifications were clearly spelt out. the ISRO's total requirement is for 700 space qualified chips for two flight models of INSAT-II and associated spares, and not 2000 as alleged by the press report.

This agreement, the release states, was approved by the U.S. Government in August 1988 and by the Government of India in December 1988. The agreement falls under the umbrella Memorandum of Understanding (MOU) on the transfer of technology signed between the two countries in 1984. This detail has been corroborated by the Embassy release today.

Everything above board: The DOS further pointed out that ISRO had, in fact, abandoned the GE/RCA route and placed orders with another company. Harris Corp, because GE/RCA could not meet the time schedule

stipulated. The procurement of these alternative devices was also strictly under the agreement signed between the two Governments and in accordance with the regulations of the Export Administration of the U.S. Department of Commerce, the release emphasised.

According to these regulations a Validated Export Licence (VEL) is to be obtained by the vendor who in this case is Harris. The issue of the VEL by the Department of Commerce depends on certain end-user assurances required for all high-tech items which fall under the so-called Control List of the Department. Since many of these technologies have military significance the Department of Defence as well as the Pentagon have their say in the issue of the VEL.

However, it must be pointed out that, subsequent to the MOU, the U.S. Government has maintained that all export clearances have been issued within 90 days. In this case, however, more than nine months have elapsed.

#### **Papers Report on Finance Minister's Washington Visit**

##### **Talk to IMF Committee**

46001029 Bombay *THE TIMES OF INDIA*  
in English 26 Sep 89 p 28

[Text] Washington, Sept. 25 (PTI). The Union finance minister, Mr S. B. Chavan, yesterday blasted those who believe that setting up free markets was the medicine for all the ills of the developing countries.

He told the interim committee of the International Monetary Fund (IMF), representing 152 member states, that the developing countries have borne too great a share of the world's adjustment burden and needed cash.

He said that all should share in the fruits of development, not only its cost.

The finance minister called the decade of the 1980s "a lost decade" for most developing countries.

Mr Chavan stressed that a new sizable issue of special drawing rights "should not be delayed any longer."

He also urged "a substantial increase" in the IMF quotas but added: "it is also important to ensure that the shares of developing countries in quotas, which are already relatively low, are not allowed to erode any further."

Mr Chavan told the interim committee, which is the policy-making body of the IMF: "Let me turn to another aspect of adjustment—the belief that the answer lies in the free play of market forces."

"Developing countries are being asked to deregulate, reduce subsidies and allow market mechanisms to work. I have no doubt that much of this advice is well taken and many of us have come to similar conclusions without any prompting from outside."

Mr Chavan said: "The prospects for the global economy and for the developing countries, in particular, are

distinctly less promising than they were a year ago. Some limited progress has been made in debt relief for middle income countries. But for most developing countries, the burden of debt service has increased because of high interest rates, payment imbalances persist and, most important, the development process has not yet recovered from the setbacks of the 1980s.

"Even those of us who have done well have had to cope with declining flows of concessional assistance, rising protectionism in the industrial countries, a high degree of exchange rate volatility and persistent imbalances on the global economy."

"The real problem," he said, "is that a disproportionate part of the adjustment to global imbalances is being placed on the developing countries, which are least able to bear the costs of adjustment. However balance of payment deficits in developed countries continues."

"At a time when developing countries need resources to correct the structural imbalances in their economies, there is a net transfer of resources from them to the rich countries."

"A more symmetrical adjustment process is necessary if the global economy is to recover its balance. Nor can we wait very long for this. A decade of low growth, high inflation and rising poverty is the price for adjustment that many developing countries have already paid. It is time that others, who are far richer, share more fully in the cost of adjustment," he said.

"A great majority of member countries continued to face serious problems. The levels of living in a large number of countries remained low from any standard."

Despite strong adjustment efforts, said Mr Chavan, the aggregate current account deficits of developing countries and their gross financing needs were likely to remain large. "Therefore, it is essential that their potential access to the fund's resources is maintained, if not actually increased," he added.

##### **Speech to IMF, World Bank**

46001029 Madras *THE HINDU* in English  
28 Sep 89 p 1

[Article by N. Ravi]

[Text] Washington, Sept. 27. The Union Finance Minister, Mr S. B. Chavan, told the Finance Ministers of the 152 member countries at the meeting of the World Bank and the International Monetary Fund today that the international community's focus on the debt problem should not reduce the resources made available to low income countries that had managed to service their debt and avert a crisis.

Mr Chavan welcomed the Brady Plan launched to resolve the debt problems of the highly indebted middle income countries as well as the initiatives for reducing the debt of the poorest countries. "However, low income countries that have thus far managed to service their



debt, often at a great cost, need to be assisted to maintain the momentum of growth," he said.

**Severe resource crunch:** Some of the countries were already facing severe resource constraints in achieving the desired levels of investment for growth and poverty alleviation. They needed to be helped to maintain the momentum of their development, particularly by larger flows of concessional finance. He stressed that the debt initiative must not reduce the availability of resources for the normal World Bank and IMF financed programmes.

**India has done well:** Mr Chavan told the meeting that India had done reasonably well in the 1980s, with the national income growing by over 5 percent a year and with the incidence of poverty coming down. Inflation rates had been modest and exports were increasing rapidly. He pointed out that development had been financed predominantly by high domestic savings and recourse to external borrowing had been kept within prudent limits.

"However, even those of us who have done well have had to cope with the declining flows of concessional assistance, rising protectionism in industrial countries, a high degree of exchange rate volatility and persistent imbalances in the global economy," he said.

For the developing countries as a whole, at a time when they needed resources to correct the structural imbalances in their economies, there was a net transfer of resources from them to rich countries. "Small economies are being asked to make large adjustments while large economies continue to carry on as before," he pointed out. He wanted a more systematic adjustment so that the global economy could recover its balance.

**Plea for higher IDA-9:** The Finance Minister said the lending of the International Development Association (IDA) symbolized the commitment of the international community to poverty alleviation. He urged the donor nations to act in a spirit of understanding and agree to a replenishment of IDA-9 at a substantially higher level than IDA-8.

The aggregate current account deficits of the developing countries remained large and their access to the IMF's resources needed to be maintained, if not actually increased. There was a strong case for a substantial increase in quotas under the ninth review. It was also important to ensure that the shares of the developing countries in quotas, which were already relatively low, were not allowed to fall.

**India for environmental protection:** Mr Chavan said that in India there was a total political commitment to the task of environmental protection at the highest level and an active judiciary and an NGO [Nongovernmental Organization?] movement kept the Government on its toes. The Government had introduced strict legislation on air and water pollution and had provided fiscal incentives for pollution control. All major projects were subject to environmental impact assessment and the

tasks of wasteland rehabilitation and of cleaning up the major rivers had been taken up.

Environmental degradation was caused by a lack of development and a paucity of resources and accelerated growth was a necessary condition for environmental conservation, he said. There should in principle be no conflict between development and sound environmental policies.

Referring to the move to include environmental protection as a condition for World Bank assisted projects, he said the issue was not one of introducing increased and cumbersome layers of conditionalities. "We should not turn into advocates of stagnation and decline in pursuit of environmental protection. Development necessarily involves changes in resource use and the environmental imperative must not become an enemy of such changes," he said.

Mr Chavan said a global effort was necessary to ensure adequate funding of research, development and diffusion of environment-friendly technologies. He pointed out that India had proposed the establishment of a planet protection fund under the United Nations for that purpose with contributions from the developing and the industrial nations.

#### **Bush's Advice to Bankers**

UNI reports:

The Bush administration and U. S. commercial banks sharply disagree on maintaining the credit flows to the heavily indebted countries, raising serious doubts about the success of the third world debt reduction strategy popularly known as the Brady Plan.

The situation compelled Mr Bush to take the unprecedented step of summoning the bankers to the White House yesterday and urging them to back the plan which expected the banks to reduce the existing loans of the developing countries without stopping new credit.

"It is too early to find the reaction of the bankers," said a White House spokesman even as the World Bank-IMF is in session here for its annual meeting.

#### **Washington Press Conference**

46001029 Madras THE HINDU  
in English 29 Sep 89 p 9

[Article by R. Chakrapani]

[Text] Washington, Sept. 29. The Union Finance Minister, Mr S. B. Chavan, said here yesterday that the critical foreign exchange reserves position in India "is a matter of concern, even some worry", but the situation was manageable.

At a news conference at the end of the annual meeting of the IMF-World Bank Governors, Mr Chavan said "We are not taking it lightly. We feel confident we will be able to manage it well." Explaining the position, the Finance

Secretary, Mr G. K. Arora, said the reserves shortfall had been caused essentially by heavy repayment obligations to the IMF and the World Bank which had to be met during the current year. Substantial repayments were due next year also. "The peak is for this year and the next. It will then taper off," he said.

"Temporary Disequilibrium": Mr Arora described the current exchange shortage as "temporary disequilibrium". "We expect to recoup our reserve losses soon", he said, pointing out that India's improved export performance and earnings therefrom would offset the situation considerably. In the first quarter of the current financial year, export earnings had increased by 15 percent in dollar terms and 39 percent in rupee terms. "We are getting into our export trade this year in a much better position."

Mr Chavan called on the World Bank President, Mr Barber Conable, and the IMF Managing Director, Mr Michel Camdessus, besides attending the meetings of the Governors and the Ministerial-level Interim and Development Committees. At these meetings he called for a quota increase for the Fund with an increase in the quota holdings of developing countries and supported the cause of the developing countries generally in such matters as relief in their debt burdens and additional flows of concessional assistance.

About the ninth replenishment of IDA [International Development Association], Mr Chavan said most donors had agreed to maintain the IDA-8 level of funding in real terms in the next replenishment.

While Mr Chavan said no size of IDA-9 was known yet, indications are that the donor countries are informally discussing a funding of \$14.5 billions for IDA-9, which will be the equivalent of \$12.4 billions of IDA-8 in real terms.

Mandate for quota increase: Summing up the discussions of the annual meeting, the IMF Managing Director, Mr Camdessus, said the week's meetings had reached a consensus on the need for strengthening the Fund resources by enhancing the quota subscriptions of member-nations. About 70 percent of the voting membership in the Fund, he said, was in favor of an increase of 67 percent or more in quota shares. "We are now properly equipped with a mandate for quota increase", he remarked.

#### **Paper Reports, Comments on Sino-Indian Trade Pact**

##### **Protocol Details**

46001023 Bombay *THE TIMES OF INDIA*  
in English 22 Sep 89 p 11

[Text] New Delhi, September 21. China has agreed to step up its imports from India with the hope that India would reciprocate it while making purchases from China.

The Sino-Indian trade protocol for 1989-90 fiscal year, finalized during the India-China joint commission meeting and signed yesterday, has not fixed a ceiling on the overall volume of trade between the two countries. According to the protocol, China would import from India up to one million tonnes of iron ore and one lakh tonnes of chrome ore during the current year.

China is also expected to increase its imports from India of items such as agricultural products, including tobacco, coffee beans, tea, medium and short-fibre cotton, chemicals, jewels and processed diamonds, urea and engineering products. Textile machinery, transportation system such as commercial vehicles, electronic components and computer software have also been listed as some of the possible items for import from India.

Briefing newsmen on the deliberations at the first India-China joint commission meeting which concluded yesterday, the commerce minister, Mr Dinesh Singh, said it was the first time since the 1962 conflict that trade was opening up between the two countries.

"How far we are able to go, cannot be assessed right now because much will depend on the conditions in both the countries," he said. The government has prepared the framework, the rest has been left to the traders on both sides. "As from now on, trade should be more direct."

The protocol came into force yesterday and would remain valid till September 19, 1990.

Among the items listed for import from China are raw silk yarn worth US\$50 million, pulses worth \$10 to \$12 million, resin up to \$5 to \$6 million and petroleum products up to \$4 to \$5 million. India is also expected to import pig iron, metals and minerals and pharmaceuticals.

Besides expanding direct trade with each other, both sides have also agreed to promote exchange of delegations in specific areas and encourage their respective trade organizations and traders to explore possibilities of promoting bilateral trade through various forms of trade cooperation.

Another development at the joint commission meeting, the minutes of which were initialled by Dinesh Singh and his Chinese counterpart, Mr Zheng Tuo Bin, was to explore possibilities of economic cooperation between the two countries.

It has been agreed that the two countries will set up joint ventures in areas to be mutually identified after a scrutiny of specific proposals. Both sides have also expressed their desire to participate in international tenders, proposals and supply of technological services for projects in either country to be financed by the World Bank, Asian Development Bank or other international agencies. Efforts would also be made to explore possibilities of joint participation by the corporations of the two countries in contracting third country projects.

With a view of promoting direct investment, the process of exchange of delegation between the two countries to assess each other's capabilities should be continued and strengthened.

The two sides also exchanged views on how to coordinate their respective positions in multilateral trade talks to safe-guard and promote the justified interests of the developing countries.

### Progress in Relations With PRC

46001023 Bombay *THE TIMES OF INDIA*  
in English 22 Sep 89 p 14

[Text] The recent meeting of the Sino-Indian joint commission on trade and economic relations, which was the first of its kind since its arrival in the wake of the Prime Minister's visit to China last winter, marks a significant step forward in the efforts to normalize relations between the two countries. An increase in bilateral trade with transfer of technology serving as a significant input is clearly on the cards. Joint ventures can now be launched once entrepreneurs on both sides get to know each other's capabilities. Both of them admit that the current volume of bilateral trade is far below what it could be because of the scope for meeting mutual needs. Though India and China are developing countries, using the comparative advantage of low labor costs to win markets for manufactured products, there are important differences in their natural endowment and areas of specialization. For example, China can usefully sell to India raw silk, pulses and non-ferrous metals while India can sell to China iron and chrome ores. However, the exchange of primary products, though useful enough in itself, cannot provide the momentum manufactures can. The industrial capability each country is developing creates both needs and opportunities for trade—in components and semi-finished products for example. As is to be expected, both have pockets of shortages and surpluses which can provide complementarities that are not today discerned for want of information—a lack that has to be corrected through active salesmanship.

Trade is presently tipped in China's favor. This is in keeping with the general pattern of its trade with other LDC [Least Developed Countries]. Unless China deliberately drags its feet, the range of goods India is now exporting competitively to comparable markets provides scope for redressing the imbalance—categories of engineering goods and industrial equipment, color TV tubes, computer peripherals and software, to cite just a few examples. Each side must endeavor to make trade more equitable by accommodating value-added items of the other with due regard to price and quality. As important as the trade protocol now agreed upon, the joint commission meeting is significant for the willingness that China has shown about evolving a common position with India on global trade issues. Once China joins GATT [General Agreement on Tariffs and Trade], a coordinated approach with India and Brazil would strengthen the Third World's position, more so because the Asian Tigers cannot take a clear-cut position in

defence in issues of common interest on account of their dependence on the U.S. market.

### CPI-M Organ Scores Soviet Praise of Panchayat Bill

46001034 Calcutta *THE TELEGRAPH*  
in English 27 Aug 89 p 1

[Text] New Delhi, Aug 26: In a scathing attack against the Soviet vice-president, Mr Valentina S. Shevchenko's recent praise for the government's Panchayati Raj Bill, the CPI(M) [Communist Party of India-Marxist] today accused her of being "superficial" and shortsighted and obliquely criticized the new Soviet approach to the Indian situation.

In a commentary scheduled to appear in the next issue of People's Democracy, the CPI(M) noted that after a meeting with the Prime Minister, Mr Rajiv Gandhi, the vice-president of the Supreme Soviet, Ms Shevchenko, had reportedly said, "not many people in your country have properly understood the Bill that seeks change at the grassroot level."

She had further certified that there was no political motive behind the Indian government's move for rural reforms and devolution of power to the villages.

The CPI(M) said, "One can only express astonishment that based on a 10-day visit to India and one meeting with Rajiv Gandhi, the Soviet vice-president could come to such a conclusion. Her view runs counter to the stand of the Left and democratic forces in the country, who see in the two Constitution amendment Bills a serious attack on the federal provisions of the Constitution.

"Her misplaced enthusiasm for the Panchayat Bill makes her compare it to a proposed Bill to be introduced in the Supreme Soviet in October to devolve power," it said.

Commenting on this, the CPI(M) noted, "Everyone knows that the Soviet Union has embarked on a series of political and constitutional reforms, but to equate the authoritarian panchayat Bill with the ongoing processes in the socialist Soviet Union is not only superficial but displays ignorance of the complex political realities in India." Launching a broader attack on recent Soviet trends, the CPI(M) said, "Once again, a leading Soviet personality has displayed a penchant for jumping into the fray in support of the so-called progressive measures of the Congress(I) government. In doing so, they display not only subjective short-sightedness but reveal a tendency to assume that the narrow, partisan interests of the Rajiv government are the same and in tune with the interests of the Indian people struggling for social emancipation. The sooner this illusion is got rid off, the better."

BJP [Bharatiya Janata Party] attacks Rajiv: In a separate statement, the BJP general secretary, Mr K. L. Sharma, said it was the "height of impropriety" for the Prime



Minister to have involved the Soviet dignitary to "join a debate in our internal matter."

Mr Sharma said, "In his impatience to seek a certificate from Ms Shevchenko who was on a 10-day visit to India, Mr Rajiv Gandhi went out of his way to allow detailed comments of a foreign dignitary on panchayati raj system and publicize them widely on governmental media."

He added, "The Prime Minister was simply mistaken if he thought that the support from the Russian vice-president would in any way help him in dispelling the apprehensions in the minds of the Indian people on the Panchayati Raj Bill or strengthen his position. On the contrary, this would create a bad precedent of securing foreign appreciation on any internal controversy."

Criticizing the Soviet leader's comments, the BJP said, "The remarks are an insult to the people of India and these unwanted and unwarranted remarks must be withdrawn."

#### **Opposition Leaders Address Rally in New Delhi**

46001032 Bombay THE TIMES OF INDIA  
in English 26 Sep 89 p 1

[Text] New Delhi, Sept. 25 (PTI). Opposition leaders today declared that they would put up combined candidates for a direct contest with the Congress in the forthcoming general elections.

This would be done to prevent division of opposition votes to ensure the ouster of the Rajiv Gandhi government, the leaders announced while addressing a massive rally at the Boat Club lawns here.

The rally was organized to mark the 75th birthday of the Haryana chief minister, Mr Devi Lal, which was observed as "sanghursh diwas" (struggle day).

Besides Mr Devi Lal, opposition leaders who addressed the gathering were: V. P. Singh, Mr Madhu Dandavate and Mr Chandra Shekhar (Janata Dal), Mr Atal Behari Vajpayee (BJP) [Bharatiya Janata Party], Mr N. T. Rama Rao (Telugu Desam), Mr M. Farooqi (CPI) [Communist Party of India], Mr S. S. Barnala (Akali Dal) and Mr N. V. N. Somu (DMK) [Dravidian Progressive Foundation].

The former Karnataka chief minister, Mr RamaKrishna Hegde, set the ball rolling by asking the leaders present on the occasion to take a vow for a one-to-one fight in the next Lok Sabha elections as this would be the best birthday gift for Mr Devi Lal.

The opposition leaders said that the Prime Minister, Mr Rajiv Gandhi, would not "vacate his chair on his own but we have to strive hard to throw out his government."

The leaders felt that the problems in Punjab, Assam and Jammu and Kashmir would be resolved amicably after the Rajiv Gandhi government was dislodged and a popular government installed at the Center.

The Akali leader, Mr Surjeet Singh Barnala, the Janata Dal leader, Mufti Mohammad Sayeed, and the Assam revenue minister, Mr Chandra Arandhara, accused Mr Gandhi of aggravating the problems in their respective states. They said the Prime Minister did not want them solved for his own political ends.

While the organizers estimated the gathering at about three million, the police put it at not more than 250,000.

Braving the blazing sun, lakhs of people from Uttar Pradesh, Haryana, Rajasthan, Punjab and other states gathered at the Boat Club from early this morning.

A massive stage dotted with green and white strips was flanked by an 18 meter (60 feet) cut-out of Mr Devi Lal, which the organizers said, marked the 60 years of "political struggle" of the Janata Dal leader who entered politics at the age of 15.

Addressing the rally, Mr Vajpayee said the Rajiv Gandhi government could stoop to any low to "sacrifice secularism and democracy" to remain in power.

The Center was creating problems instead of solving them, he said referring to the Ram Janambhoomi issue.

Through all major opposition parties were represented by their senior leaders, the CPM [Marxist Communist Party] was conspicuous by its absence. A message by the politburo member of the CPM, Mr Harkishan Singh Surjeet, was read out.

The opposition parties were unanimous in criticizing the ruling Congress party but differences surfaced between the Janata Dal and the Bharatiya Janata Party over the Ram Janambhoomi-Babri Masjid issue.

While the Janata Dal leader, Mufti Mohammed Sayeed, wanted the status quo to continue, the BJP vice-president, Mrs Vijaye Raje Scindia, was categorical in demanding that the site be handed over for building the temple of Lord Rama.

Meanwhile, the agriculture minister, Mr Bhajan Lal, claimed that today's opposition rally was a "flop" and said "hardly two lakh people attended it."

Alleging misuse of the Haryana government machinery in mobilizing people for the rally, he said the crowd did not match the tall claims of the organizers.

#### **Bharatiya Janata To Maintain Separate Identity in Poles**

46001030 Bombay THE TIMES OF INDIA  
in English 27 Sep 89 p 1

[Text] Bombay, September 26. The BJP [Bharatiya Janata Party] president, Mr E.K. Advani, today announced that the party would go before the people with a separate programme and a manifesto to maintain its separate identity during the ensuing general elections.

Concluding the six-hour debate on the party's manifesto in the national council meeting, Mr Advani said that the

issue of evolving a "common programme" would arise at the time of formation of a coalition government after the election.

This observation was made in response to the suggestion made by the Haryana minister, Ms Sushma Swarah, that the party must draw up a list of programmes on which it should never compromise in case a coalition government was set up at the Center.

She made a strong plea that the party must consider this issue at this juncture in view of the bitter experience of Janata Party days.

Mr Advani said that the BJP would have a separate manifesto and programme so that the party would highlight the direction in which the nation should go. This would enhance the party position and make it possible for it to try to come to power on its own strength in 1994.

Mr. Murli Manohar Joshi, convener of the manifesto committee, assured that the sub-committee appointed to finalize the manifesto would consider 450 suggestions and amendments made during the discussion by the national council members.

According to party sources, the executive committee of the BJP had already accepted the amendment making a demand that troubled Ladakh should be made a Union territory.

Mr Joshi had said that the problem in Ladakh was urgent and a speedy solution was necessary for national unity. The incidents in Ladakh prove the need to convert the minority commission into a human rights [words illegible].

The executive also accepted the demand for inclusion of Sindhi in the eighth schedule of the constitution and the proposal to scrap the 59th amendment to the constitution giving emergency powers to the Union government for Punjab.

Despite a clarification made by Mr Advani regarding the party's position on the sensitive issue of Ram Janambhoomi, many delegates again raised the issue and demanded that it should be added to the party's manifesto.

The demand that the party should take a firm unambiguous stand on the Ram Janambhoomi issue was made by the Haryana minister, Mr Ramvilas Sharma, and supported by the vice president of the Madhya Pradesh unit, Mr Uma Bharati.

Mr Advani said that the party had made its stand clear and there was no ambiguity. The BJP wants the Ram Janambhoomi to be handed over to Hindus for "Nav-nirman".

### Janata Dal Panel Examines Organizational Problems

46001052 Calcutta THE TELEGRAPH  
in English 16 Sep 89 p 6

[Text] Bangalore, Sept. 15: The Janata Dal's informal five-man working group, which met in Bangalore recently, has suggested drastic pruning of the party's national executive from 140 members to 71 members.

During the three-day deliberations to consider the procedural streamlining of the Janata Dal, the working group decided that the party's national executive was too amorphous. It was too small to be termed the national council but too large to be called the national executive. The national executive should therefore contain only 71 members and this number would include all the national officebearers and parliamentary board members, the group said. The Janata Dal president, Mr V. P. Singh has been empowered to do the pruning.

The five-man group consisting of Mr Ajit Singh, Mr Ramakrishna Hegde, Mr Yeshwant Sinha, Mr Sharad Yadav and Mr Arun Nehru, has also come up with suggestions to redistribute responsibilities in the party nationally as well as territorially. Mr Yeshwant Sinha will be solely [in] charge of the central office of the Janata Dal in New Delhi. The group has also recommended strengths of various national and state-level committees as well as the officebearers.

The five-man working group which was instructed specifically by the Janata Dal political affair committee to look into problem areas—Bihar, Madhya Pradesh and Punjab—has made several suggestions to resolve differences in those state units. To avoid working at cross purposes with the seven-man Arif Mohammad Khan committee the working group members had decided at the beginning of the Bangalore meeting to take the seven-man committee's recommendations as implemented. In a bid to end infighting and factionalism in Bihar, the group has suggested accommodating more state leaders in other positions while controversial appointments, like that of Mr Raghunath Jha as parliamentary board chairman, will not be disturbed.

The leaders of the squabbling Madhya Pradesh unit are to be summoned to Delhi soon for talks by the five-man working group while the faction-ridden Punjab state executive was dissolved on Tuesday. The working group has suggested the formation of a fresh state executive in Punjab.

Disputes in the formation of Yuva Janata Dal state units are to be settled by a committee consisting of five former Yuva Janata Dal presidents. This has been suggested by the group to rejuvenate various state Yuva Dal units.

**V.P. Singh: Probe Into Son's Assets 'Witch Hunting'**

46001028 Madras THE HINDU  
in English 2 Oct 89 p 9

[Text] New Delhi, October 1. The Janata Dal president, Mr V.P. Singh, today welcomed the exercise of powers under the Foreign Exchange Regulation Act (FERA) by the Government to probe the assets held worldwide by his son, Mr Ajeya Singh, even though it was "obviously a case of witch-hunting of an innocent person".

The invocation of Section 33 of the FERA in the case of Mr Ajeya Singh, he said at a news conference here, would set a precedent and enable the authorities concerned to investigate anyone suspected to have committed offenses under the country's foreign exchange laws, whether he was resident in India or abroad.

Mr Singh said that during his tenure as Finance Minister (December 1984 to January 1987) he had thought of invoking the powers under Section 33 to probe the assets of a number of persons suspected of economic offenses but officials in the Finance Ministry took a different view. He was advised that probes would scare away non-resident Indians and that the flow of funds from non-resident Indians desirous of investing in India would be hit.

But Mr Singh said he felt then as he thinks now that Section 33 does give the Government the power to take up sweeping investigations. Now that the provision had been invoked by the Government to investigate his son's assets, he hoped the authorities would take up other cases of suspected foreign exchange offenses also.

It was strange that the Government had resorted to Section 33 to persecute his son but had not lifted its finger against known violators of the law, Mr V.P. Singh said.

The Janata Dal chief said that the party's high power Political Affairs Committee would meet shortly to discuss the flare-up of communal violence in different parts of the country and to make an overall assessment of the current political situation.

No need for confusion: Questioned closely on the Janata Dal's position vis-a-vis the BJP [Bharatiya Janata Party] in the context of the latter's stand on the Ram Janmabhoomi/Babri Masjid controversy and the communal situation in general, Mr Singh explained that there need be no confusion about the Dal's electoral arrangements, if any, with the BJP.

As a constituent of the National Front, the Dal had an alliance with its partners on the basis of certain annually agreed policies and programmes. Its alliance with the partners, which was not confined only to the next general election, could not be compared with its relations with any other party. There was no electoral arrangement at the national level between the National Front and the BJP.

The State units had been given the option to have an adjustment of seats with the BJP as well as other Opposition parties in order to avoid splitting the anti-Congress(I) vote. But there was no prior commitment of any kind between the National Front and the BJP. The Janata Dal would not compromise on policies and programmes for the sake of power, he contended.

In any case no recommendations had yet been received by the party central leadership from the State units on adjustment of seats and the Dal was not interested in any clandestine deals.

Mr Singh said his party's view that the cultural and emotional unity of the people could alone protect the country's unity and integrity was well known. On several issues its position differed sharply from that of the BJP.

**Team for U.S. To Gather Details**

PTI reports:

A high-level team of the enforcement Directorate is shortly leaving for New York to gather details of assets held abroad by Mr Ajeya Singh, according to sources in the Finance Ministry.

In its second notice served two days ago, the Directorate had sought information about Mr Ajeya Singh's movable and immovable properties in India as well as full information about his bank accounts.

Mr Ajeya Singh is away in Calcutta and could not be reached. Asked about the second notice to his son, Mr V.P. Singh said: Ask Ajeya Singh. It is not my problem.

**Marxists Support Indian People's Front in Bihar**

46001027 Madras THE HINDU  
in English 2 Oct 89 p 6

[Text] Patna, Oct. 1. The major CPI(ML) [Communist Party of India-Marxist-Leninist] groups have pledged their support in the coming elections to the Indian People's Front (IPF) which has emerged as a powerful political force in central Bihar. The IPF is contesting at least 15 seats in its stronghold.

Mr Shankar Mitra, national spokesman of the CPI(ML) organizations, told a party gathering at a village in Bhojpur district last week that the IPF would be helped in its "pursuit of a populist social order and rule in the country".

Earlier, over 60,000 rural people participated in a 15-hour-long 'anti-booth capturing march' from Arrah, the district headquarters of Bhojpur, to the venue of the meeting braving inclement weather.

The IPF national president, Mr Nagabhushan Patnaik, the national general secretaries, Mr Raja Ram, Mr Kumuduni and Mr Akhilendra Pratap Singh, and the party's laborers' cell vice-president, Mr Yogeshwar Gope, participated in the rally.



Addressing largely attended meetings in Ekwari, Narayanpur, Garhani, Piro, and Shahpur villages, Mr Patnaik said though the oppressed masses constituted 70 percent of the population and the working classes 20 percent, the real power was wielded by the tyrants and landlords and urban capitalists, who constituted barely three percent of the country's population.

Besides the 15 seats in Bihar, the IPF has decided to contest the Nainital, Gonda, Pratapgarh, Rae Bareilly and Chandauli seats in Uttar Pradesh, Dibrugarh and Shonitpur in Assam, Kakinada in Andhra Pradesh, Mayiladuthurai in Tamil Nadu and the Krishnanagar seat in West Bengal.

### **Reports, Comment on Developments in Indian Military**

#### **Indigenous Radar for Air Force**

46001053 Bombay THE TIMES OF INDIA  
in English 11 Sep 89 p 12

[Article by Yogendra Bali]

the Indian Air Force [IAF] will be considerably strengthened with the induction of the new India-built Indra radar, which will make even tree-top-level intrusion by hostile aircraft almost impossible.

This was disclosed by a group of air defence experts of the Delhi sector in a briefing to a group of defence correspondents today.

Group-Captain Nagina S. Matharhoo and his colleagues, like Wing-Commanders M. Lal and C. R. Springett, pointed out that the Indra radar was undergoing final trials now.

It was expected to be developed soon in various sectors in the country to extend the radar watch capability of the IAF, which has already developed over the years a nationwide network to ensure that aerial intrusion into Indian skies is prevented effectively.

The IAF radar network has been very rapidly indigenousized to create a very large area of self-reliance. This covers not only the development and deployment of radars but also the digital and analogue computer facilities to link, process and evaluate radar information for effective evaluation as well as operational use with the highest speed. Very swift reaction timings have already been achieved and efforts are continuously on to further improve their speed and spectrum.

Radar (an abbreviation for the phrase radio detection and ranging or the use of radio waves for detecting and locating distant objects) came into focus in the air defence system of the country in the early sixties, soon after the 1962 conflict with the Chinese when U. S. experts suggested the creation of a radar-based air defence and skywatch network for the Indian air force.

Efforts were launched in this direction and some radar installations of U. S. design and manufacture came up.

But following the 1965 Indo-Pakistan conflict, the backing for the project ceased. The project remained incomplete beyond the few radars that were initially installed. India had to look elsewhere for its hardware and software needs to complete the network.

This was done through a characteristic mix of foreign radar designs, Indian power systems as well as indigenously-built mainframe computer systems and software to create the radar eyes.

Each of these is capable of scanning continuously intrusions as well as deviations on the skyroutes by military and civilians aircraft, both Indian and foreign, over a sky area of roughly about 90,000 square nautical miles and looking high up to a 1,000,000 meters and as low as 1,000 meters off the ground.

#### **Various Sectors**

Efforts are said to be on to develop systems and equipment to scan even lower levels to ensure that no moving object of wings can escape the big radio-eye. The development of the Indra radar is one step in this direction.

To provide an extensive radar umbrella, the air space of the country has been divided into various commands and further into sub-sectors. The western air command, for example, is divided into four sub-sectors. These are Kashmir, Punjab, Bikaner and Delhi.

The radar network is a key instrument of air defence. The Arjangarh air defence and detection center, raised originally in 1965 with an American radar system, has at present a French-designed radar system which is now under production at the Bharat Electronics Limited, Ghaziabad. The system was commissioned in 1985.

Besides, there are other radars and items of equipment, even civilian radars at Palam and around Delhi which can be integrated into the system during wartime, and mobile observation posts.

Now it is possible to scramble aircraft in less than two minutes and deploy missiles and air defence guns as an integrated air defence shield.

The modern 3D high-power radar is supported by an indigenously developed automatic data handling system called ADHS. The radar is very effective against medium-and high-level threats. The low-level detection is taken care of by integrating with other low-level early warning systems and by visual identification means.

The indigenously developed computer-based data handling system helps the operational staff take care of various air defence activities.

Through DOT and tropo circuits and network, a communication link has been created between the various air defence agencies to ensure that no raiding element can penetrate the Indian skies.

### Air Defense in Himalayan Region

46001053 Bombay *THE TIMES OF INDIA*  
in English 21 Sep 89 p 7

[Article by Yogendra Bali]

[Text] Somewhere in the Northern Himalayan Region, September 20.

The Indian Air Force [IAF], according to Air Commodore S. K. Sareen, is at its "very best operational preparedness in the northern Himalayan region.

From both the tactical and strategic point of view, it has emerged as perhaps "the only air force in the world" with a high-altitude combat and air defence deployment of the size and character developed since 1971.

The high-altitude threat perceptions in the Himalayan region are centered on the defence of India's glaciated areas in northern, central and southern glacier regions of Siachen and mountain ranges like Peer Panjal, Zaskar, Ladakh, Karakoram and other Himalayan regions with peaks and rising above 20,000 feet.

Visiting a series of air stations and watching air defence, combat and logistics-capability demonstrations of the IAF in these regions amply supported the claims of senior IAF commanders.

In fact, threat perceptions have been made clear by some of the statements of the Pakistani military, top brass. The Pakistani army chief was reported to have said that his army had "developed a capacity to undertake preemptive action against its enemy, rather than depending on defensive measures".

The latest visit to AIF positions in the region made it clear that the Indian concern basically is defending Indian territories and not being offensive. But it has a very strong deep-strike and combat element, developed by the experience of mountain warfare on land and in the air since the October 27, 1947, onslaught of the so-called "raiders" backed by the Pakistani army on Kashmir, followed by the 1962 conflict with China and the two conflicts with Pakistan in 1965 and 1971.

The strike and capability demonstration of Indian-built MiG 21 BIS showed, for example, the defence, combat and missile-fire power combination developed by the IAF. The trainer and combat version of the fighter aircraft, now being manufactured by HAL in India, is considered compatible with the American F16, with the added high-altitude flying experience gained by AIF pilots to counter problems encountered due to extremely low temperatures, rarified air and consequent gravitation problems, the operational pilot problem of disorientation and thrust, lift and flying-power factors. These valuable operational inputs are gained through training, experience and evolving flying techniques and not through transferred technical know-how and outside assistance from "experts".

Take, for example, the development of the MI 17 helicopters in the region. Basically used for transportation, rescue and relief and logistic roles, the IAF helicopter can in times of need be turned into an "armed role" and can carry as many as 128 rockets in a single sortie.

All front-line fighters from Mirage 2000 to MiG 21 BIS, transport craft, including the world's biggest helicopter MI 26, fixed wing jets like the IL 76, the AN 32, the An 12 are all ready with very fast reaction timings to scramble into the skies from bases in the mountainous regions, as well as networked-bases away from the mountains, but within very "fast flying distances" to fly to places like Srinagar, Leh, Thoise, the southern, central or northern glacier regions.

In the air defence system, the artillery, including the 155 Bofors gun, has been deployed perhaps at the highest known altitudes so far, and in the coldest temperatures even during the conventional summer months when temperature differentials in high and low can be as much as 40 degrees and more.

As one of the IAF officers said, "We are ever ready to defend our territories ranging from Poonch, Uri, Kazhawah, Kargil, Chorbatala, Kishen Ganga, Shylok river valley, Nubra valley, Bela Found La, Chushul, Changla to Dem Chok. The IAF is always fighting-fit in this region. Even in non-combatant operations, many of our achievements in Himalayan flying are sure to find a place in the Guinness book of world records."

### Safety of Soviet Submarines

46001053 Calcutta *THE TELEGRAPH*  
in English 4 Sep 89 p 6

[Article by Ajit S. Gopal]

[Text] With the help and support of the Soviet Union, with whom we have a special relationship, India's regional military position has been greatly strengthened. More than half of our weapons come from Moscow, including some of the latest models: MiG-29 fighter planes, naval reconnaissance turbo-props, and the TU-142M long-range reconnaissance and antisubmarine aircraft.

Last year, India received the Charlie-class nuclear-powered cruise missile launcher from the Soviet Union. Recent events have, however, raised doubts about the safety of Soviet nuclear submarines and the question that is being asked is: How safe are Indian sailors serving aboard the Chakra submarine?

On August 7, forty-two crewmen were killed when a nuclear-powered submarine caught fire and exploded in the Norwegian Sea. And in June, the Soviet submarine fleet lost the services of another boat when one of its Echo-II class nuclear subs caught fire off the coast of Norway and had to be towed home by rescue ships.

Unlike the April tragedy, the only casualties suffered in the June accident were reputation of Moscow's naval nuclear engineers and the pride of the Soviet navy.

The latest accident brings the number of Soviet nuclear-powered submarines believed to have been lost to six. In October 1986, a Soviet Yankee-class ballistic missile submarine carrying 32 nuclear warheads and two nuclear torpedoes sank 1000 kms northwest of Bermuda in the Atlantic Ocean. A catastrophic disaster was narrowly averted by one of the ship's crew, who was sent to shut down the power plant, and then was entombed in the reactor compartment when the sub went down.

A leading Soviet nuclear safety expert, R. V. Nikolskii, recounted in an interview in *Vodnyi transport* magazine that a Soviet icebreaker, *The Rossiya*, nearly suffered a nuclear meltdown in November last year when the chief physicist on the ship issued an erroneous command that allowed the cooling fluid surrounding one of the ship's reactors to drain away. The physicist had been kept on watch duty for five days in violation of standard rules.

In March, the Soviet Union's first nuclear-powered cargo ship remained stranded at sea in the Soviet Far East for more than a week because port workers were afraid to handle its cargo and feared for their safety. The container ship was refused entry at three Soviet Far East ports before it was finally allowed to berth at Vladivostok.

The Soviet Union's failures in nuclear technology have littered the ocean floor with dangerous debris. A report released by the Greenpeace environmental organization in June reveals that at least 43 Soviet nuclear weapons and six Soviet reactors are lying on the bottom of the ocean. The figure may be much higher, the report said, because "official secrecy" makes it difficult to compile a complete record. The Greenpeace report stated that between 1975 and 1985 "the Soviet Union had more than 200 serious submarine accidents." The Soviet Union's nuclear technology is considered to be very basic and elementary. In addition, the nuclear industry in the USSR has repeatedly ignored safety procedures and placed the emphasis on results, no matter what the cost. In *The Rossiya* accident, the physicist had evidently been compelled to work several consecutive shifts so that maintenance work could be completed on schedule.

Even Soviet leader Mikhail Gorbachev has admitted that the Soviet work ethic is faulty. Commenting on the recent gas line explosion that killed at least 190 passengers on two trains filled with vacationing families passing in opposite directions near the town of Ufa in the Ural Mountains, Gorbachev said the country is haunted by accidents. Behind many of them, is "negligence, irresponsibility and lack of proper organization." He warned there would be no progress in the country "if we have such laxness."

Gorbachev's by now entrenched glasnost tradition is even being followed in the Soviet Union's defence ministry where safety standards of the nation's submarine fleet is becoming an even hotter issue than the conventional arms reduction in Europe. Just before the June accident, the trade union journal, *Smena*, published a letter from a naval captain criticizing the poor training system on nuclear submarines.

Among the comments made by the writer, Captain V. Ovchinnikov, were: That the nuclear installations on Soviet submarines were "operated by people who are insufficiently trained and some not trained at all." That operators of the nuclear reactors "know and can cope with only 30-50 percent of what they should be capable of handling."

Such matters should be given the highest priority in the Indian defence circles who know that Soviet naval personnel are aboard the *Chakra* when it is on patrol on the Indian seas.

#### Correspondent on Visit to Satellite Launch Site

46001025 Bombay *THE TIMES OF INDIA*  
in English 28 Sep 89 p 11

[Article by Srinivas Laxman]

[Text] Sriharikota, September 27. This massive spaceport, covering an area of 16000 hectares is now gearing up for a big leap.

A major milestone in India's space programme, this is the launch of the polar satellite launch vehicle (PSLV) either towards the end of 1990 or in early 1991.

"We will try to launch the PSLV in early 1991 or late 1990," the director of the Sriharikota space complex, Mr M.R. Kurup, told this reporter in a recent interview in his office filled with charts and models of various Indian launch vehicles.

The PSLV is being developed to achieve indigenous capability to launch operational remote sensing satellites into polar sun-synchronous orbits. It makes use of both solid and liquid propulsion stages to generate adequate thrust and control capabilities needed to place 1,000 kg satellites at normal observational altitudes of the order of 1000 km.

An hour-and-a-half one leaves Madras on the national highway to Calcutta, one is hardly aware that a high-technology spaceport is not far from the main road. One passes numerous villages filled with garish posters of film stars and politicians and shops selling cigarettes and sweets.

At a small unassuming town called Sullerpetta, which hits the headlines each time there is a launch, one joins a road appropriately called Dr Vikram Sarabhai Marg.

The scenery is bleak as one drives through stretches of paddy fields and the Pulicat Lake. Then all of a sudden at a distance one begins to notice various types of



structures, and a model of the PSLV greets you at the entrance of the Sriharikota space center also known as SHAR, which according to some space scientists and engineers, in Sanskrit means "arrow".

After the normal security clearance one enters the complex and sees a board saying: "State Bank of India welcomes you to this prestigious space complex."

The PSLV launch pad is agog with activity as engineers are now working round-the-clock to give finishing touches to it. Close to the pad there is a huge structure called the mobile service tower (MST) weighing 3,000 tonnes and its height is 76 meters.

This tower has got all the facilities which would be used for pre-flight checks and servicing the launch vehicle on the pad. During this period, the tower will be pushed close to the launch vehicle from the point where it stands today.

The deputy project director of the PSLV mobile service tower, Mr K.S. Vishwanathan, said that it will move on a 200-meter long rail covering 7.5 meters per minute. Before the launch the tower will be removed and positioned back in its place.

Apart from a new launch pad, a new launch control and mission control center with modern facilities are also nearing completion, both located in the same building for the PSLV project.

Mr K. Narayana, general manager, Indian Space Research Organization (ISRO), range complex, Sriharikota, said that as part of the PSLV programme two new computers have been installed for real-time data processing mainly for tracking and telemetry purposes. Three new high-precision tracking radars have been jointly fabricated by ISRO and Bharat Heavy Electricals Limited (BHEL) for the project. While two of the radars will be located at Sriharikota, one of them will be at Mauritius. The cost of all the three radars, having an accuracy of .005 degrees, is Rs 15 crores.

Unlike in the earlier programmes, both the launch and mission control centers have been integrated into a single building and five kilometers away from the launch pad for safety reasons—the PSLV will have a large "blast load" as compared to the ASLV (Augmented Satellite Launch Vehicle) and SLV-3 (Satellite Launch Vehicle).

The PSLV guidance system is being so programmed that immediately after the launch, the vehicle will initially fly in the south-east direction and then go in the south-westerly direction. The job of the range safety officer will be most tough because, by chance, should the PSLV go astray the responsibility of pressing the destruct button lies with him.

The prestigious PSLV programme will cross an important milestone in October when the first stage core motor (PS-1) goes through a critical static ground test.

Measuring 20 meters in length and 2.5 meters in diameter the PS-Motor 1 comprises five segments, each of

them containing 25 tonnes of solid propellants. Totally, the motor will contain 125 tonnes of propellant producing 450 tonnes of thrust. During the forthcoming October test, the thrust would be measured to the point of .5 per cent accuracy and the noise level would be 175 decibels. The total cost of testing it would be Rs 9 crores.

The crucial test which will instil a sense of confidence among ISRO scientists and engineers, will evaluate various parameters, such as thrust, pressure, sound level, temperature, displacement, vibration and ignition. Officials at Sriharikota said that in solid propellant technology the country was totally indigenous and in fact belonged to the world class.

The total number of employees in this mini township is 2,400. As one drives around the space center one can see that it has everything to make it a self-contained city—housing colonies for its employees, a school, hospital, a bank, a post office, a library, a temple and also a shopping center. Festivals are celebrated just as the same way as it is done in towns outside the spaceport.

Those employees who could not get housing facilities inside the center have been provided residential quarters in the nearby Sullerpetta whose housing colonies have been named after rivers such as Pinakani, Swarmukhi and the lake Pulicat.

There is a thick jungle in the Sriharikota island and annually thousands of birds visit it from distant places such as Siberia. Before the establishment of the space complex, the island was occupied by Yanadi tribals.

Once the island was taken over by the department of space in 1969 the Yanadi tribals were successfully resettled and are being looked after by the department of space.

#### **Details, Comment on Second Test Launch of Prithvi**

##### **More Accuracy Proved**

46001024 Bombay THE TIMES OF INDIA  
in English 28 Sep 89 p 1

[Text] New Delhi, Sept. 27 (UNI). India today successfully carried out the second test launch of the indigenously produced surface-to-surface missile, Prithvi, from a firing range of the eastern coast.

Although the sky was overcast, Prithvi, designated SS-250, magnificently lifted off from its launch pad at 10.40 a.m. and accurately followed the trajectory before impacting in the Bay of Bengal, according to the Defence Research and Development Organization (DRDO).

Prithvi, having a range of 250 km, had the latest on board computers and a very advanced inertial navigation system comparable to missiles of its class existing in the United States and the Soviet Union.

Mr V.S. Arunachalam, scientific adviser to the defence minister, Mr K.S. Pant, said the firing of Prithvi "represents a milestone in assuring reliability of the system and also in defining accurately and controlling trajectories needed for some of the weapon payloads designated for this missile."

Mr Pant congratulated the DRDO scientists for the successful firing of Prithvi "which represents self-reliance in areas of high technology and has considerable significance for India's defence preparedness."

Prithvi has a "fire and forget" capability and is specially designed for the army.

Prithvi is purely a defensive missile and its warhead-to-weight ratio is ideal.

Scientists are studying the missile's solid state propulsion system and the guidance computers installed in it, which are said to match those in the most advanced missiles in the world.

After a few more launches, user trials of the missile will begin. The Indian army experts will study its performance before it is inducted into service.

Prithvi has been fabricated at the DRDO laboratory at Hyderabad headed by Dr Abdul Kalam.

PTI adds from Hyderabad: DRDL scientists said the launch was "fully successful and had achieved better accuracy. They said that the surface-to-surface missile test flight today proved that it was more accurate up to a range of 500 meters compared to the first test fire carried out from Shar on February 25, 1988.

"We have achieved whatever was planned for the test flight of the Prithvi missile," the scientists said, adding that the successful flight was accomplished at 10.55 IST today.

The launch of the short distance, battlefield support missile was put off once, following a minor technical snag, which was later corrected.

Today's successful flight also established the country's indigenously developed gyroscope, a vital component in the guidance of the missile, scientists said. The gyroscope developed at DRDL is being produced at the Hindustan Aeronautics Limited (HAL), Lucknow.

The testing of the gyroscope, saved a lot of foreign exchange and is a boost for indigenous technology. The component was imported for the first launch of the Prithvi missile last year.

#### Need for Testing

46001024 Bombay THE TIMES OF INDIA  
in English 28 Sep 89 p 28

[Text] The second launch of the Prithvi, evidently as successful as the first in February last year, confirms that the country's missile development programme is on course. With a range thought to be around 250 km and a

payload of one tonne, it has a better warhead to weight ratio rather than the comparable Soviet Scud-Bs. Though the characteristics of the M-series of short-range missiles China is developing for its own use and export are not known, it is reasonable to assume that the Prithvi, once its development is completed, will be as potent a weapon as the Chinese one or its Pakistani derivative, the Hatf II. As Mr Rajiv Gandhi told Parliament, the surface-to-surface missiles India is working on give the country the option to deliver non-nuclear warheads on military targets at various distances—ranging from a few kilometers in the case of the Nag anti-tank missiles to hundreds of kilometers with the Agni. Since both China and Pakistan have parallel programmes, the Indian effort makes no change in the balance of technological capabilities in the region. That will not, however, prevent self-appointed guardians of world order in the U.S. from pointing an accusing finger at India for pursuing its quest for self-reliance in this field, even though New Delhi has affirmed again and again that it has no intention of turning the missiles into nuclear delivery vehicles. There is, of course, no denying that they have a dual capability, but this also applies to an aircraft like the Mirage.

If we lived in an ideal world, new weapons technologies like missiles would be barred under universally accepted moral sanctions, but while great powers continue to develop, deploy and proliferate these and other weapons of mass destruction, Third World countries like India cannot be expected to abstain. Mr Gandhi has indeed gone on record to state that India wants peace and will make the utmost endeavor to preserve it, but the country will also hold itself in readiness to meet unforeseen contingencies. This is why the missile programme must continue while we patiently pursue avenues for reconciling differences with potential adversaries, and work out confidence-building measures to promote a shared sense of security. It follows, therefore, that testing missile technology will have to continue because this is a necessary part of the exercise to develop the capability for deterrence that the programme is geared to achieve. Since the deterrent value depends on demonstrated performance, there is every reason to press on with the task.

#### Hindustan Aeronautics Develops Light Aircraft Component

46001051 Madras THE HINDU  
in English 28 Sep 89 p 9

[Text] Bangalore, Sept. 27. India has entered yet another sophisticated high technology area by developing advanced composite honeycomb-bonded components for modern aircraft saving on weight, gaining in strength and increasing heat resistance.

The Hindustan Aeronautics Limited's (HAL) Research and Development Wing has developed these components for the manufacture of advanced light helicopter (ALH), light combat aircraft (LCA) and the fighter aircraft, Jaguar.

Beating stiff international competition, the HAL has already secured a \$45-million contract for the supply, over a period of 10 years, of honeycomb doors for Boeing A-320 aircraft, according to HAL sources.

The development of the honeycomb bonding technology has already resulted in the indigenous production of about 80 varieties of honeycomb components, covering areas of aircraft-control surfaces as rudder, tailplane and flaps. The HAL has also developed glass reinforced plastics for Jaguar cockpits. Drop tanks for Jaguar are made using composite material technology.

The company has also entered the area of manufacturing composite structures in carbon fibre, and kevlar fibre pre-impregnated materials for the ALH. Its current plans include manufacture of fighter engines and helicopters where advanced composites will be used in large quantities.—PTI

#### **Jayalalitha Names New AIADMK General Secretary**

46001046 Calcutta THE TELEGRAPH  
in English 3 Sep 89 p 7

[Text] Madras, Sept 2—In a surprise development in the AIADMK [All India Anna Dravida Munnetra Kazhagam] Mr S. D. Somasundaram, the deputy general secretary, has been made number two in the party superseding the joint general secretary, Mr. R. M. Veerappan. The party general secretary, Ms Jayalalitha, through a one paragraph communique today nominated Mr Somasundaram as the senior joint general secretary—a newly created post. This decision caught the party senior functionaries by surprise.

The present power struggle appears to be a continuation from the MGR [M.G. Ramachandran?] days when Mr Somasundaram and Mr Veerappan were bitter rivals.

Mr. Somasundaram's elevation is likely to cause rumblings in Mr Veerappan's camp. His supporters see this as the beginning of the humiliation of Mr Veerappan.

They also feel that the original Jayalalitha supporters appear to be reasserting themselves after having recovered from the shock of Mr Veerappan's re-entry into the party.

The appointment also makes it clear that Ms Jayalalitha's aide, Mr M. Natarajan, continues to be active in party politics since he and Mr Somasundaram coming from the same caste and district, are said to be close.

There was considerable resentment among Jayalalitha loyalists when she appointed her one-time critic, Mr R. M. Veerappan, to the post of joint general secretary soon after he joined her party.

#### **Nambudiripad Reports on CPI-M Politburo Meeting**

46001033 Madras THE HINDU  
in English 17 Sep 89 p 2

[Text] New Delhi, Sept. 16. In implementation of the decision taken at its two-day meeting that efforts to prevent a close association between the National Front and the BJP [Bharatiya Janata Party] must be continued, the Politburo of the CPI(M) [Communist Party of India-Marxist] today, in a strongly worded communique, pointed to several disadvantages the Front would have to face in the coming elections if they were seen to be linked with the BJP.

Summing up the basic thrust of the communique, the party general secretary Mr E. M. S. Nambudiripad, told press persons that the struggle to isolate the BJP, especially in U. P. [Uttar Pradesh] and Bihar, was still on. In his opinion there was strong resistance to a tie-up with the BJP among the ranks of the Janata Dal members as well and he felt that the Dal's, and also the Front's position with regard to the BJP, would be clear by mid-October.

Asked what his party's position would be if the Front did not accept the CPI(M)'s arguments and decided to have seat adjustments with the BJP at the national level, he said that this decision would have to be taken by the Central Committee of the party scheduled to meet from October 16. By that time the attitude of the National Front would be clear and the Central Committee would be able to take this into consideration while finalizing its decision. He appeared to imply that the question of whether or not to have adjustments with the Dal in U. P., Bihar and other parts of the Hindi-belt if they were to have separate adjustments with the BJP would be left open-ended till then.

When his attention was drawn to comments by some Dal leaders that while he continued to make anti-BJP statements till the elections were announced he would ultimately succumb to the reality, Mr. Nambudiripad said, "I will leave them to their own sweet dreams". On the argument that all-in Opposition unity was necessary to defeat the Congress(I) he said referring to the 1987 Kerala Assembly elections, that history had proved wrong those who had argued that it would not be possible for the CPI(M) to fight both the Congress(I) and the Muslim League at the same time.

Minority's fears: In the same vein the Politburo pointed out that a huge mass of the Muslim minority was watching the situation to see whether there was any democratic force worth the credentials which would defend the rights of the minorities and protect it from atrocities. Sensitive to the question of Babri Masjid Ramjanmabhoomi issue this minority sought to test the sincerity of every party and organization on the basis of the democratic and just solution to the problem suggested. "It is firmly convinced that any party or organization working in collaboration with the BJP with its communal policy will not be able to offer minimal



security to it. It is necessary therefore for all secular parties to demarcate themselves from the BJP outlook and assure all sections of minorities that they will strictly observe all democratic norms and will effectively protect the basic rights of all minorities".

A reflection of discontent: Referring to the success of the Bharat bandh, and the BJP's allegedly disruptive role, the Politburo called upon the secular Opposition parties to draw proper lessons and to move further in the direction of the ensuing election struggle and remove all weaknesses. The mounting discontent of the people had been "magnificently expressed" during the bandh, but it was necessary for the secular Opposition to understand and listen to the mood of the people who had made the bandh a success. "The bandh revealed directly that its driving force was the common action of the left and secular Opposition parties. Everywhere it was the strength of these parties, the cohesion and common understanding among their constituents that brought the people into the streets."

Further, in an emphasis on the necessity of Left support for any struggles to be launched in the pre-election phase, it said, "The Left parties played a vital, strategic role in ensuring the success of the bandh. They threw their entire weight, the weight of the mass organizations, the trade unions, kisan and other organizations and the most strategic and numerous sections in support of the bandh. And besides in their joint statement by combining the issues of foreign policy, fight against imperialist danger and communalism they elevated the call out of its anti-corruption framework to link up with the masses who were already in the field. All democratic forces and Opposition parties who realize the importance of this orientation should steadily develop it so that the common struggle against the Rajiv Government simultaneously strengthens national unity and integrity isolating all divisive and communal forces".

The Politburo called upon all party ranks to observe September 29 as an "anti-communal day".

### Indian Socialist Congress Holds Plenary in Nagpur

#### 15-Point Campaign Program Adopted

46001031 Bombay THE TIMES OF INDIA  
in English 26 Sep 89 p 7

[Text] Nagpur, September 25: The 77th plenary session of the Indian socialist Congress (former Congress(S)) concluded its five-day session here yesterday after adopting a 15-point campaign programme to revitalize the nation.

The 15 campaign points included among other things, mobilization of the masses, carrying out a determined struggle against communal, divisive and fissiparous forces threatening national unity.

Other points stressed the restructuring of Center-state relations, eradication of untouchability, protection to minorities, women's rights and curbing corruption in high places.

Earlier, in the resolution on the economic situation, the socialist Congress criticized the ruling party for following economic policies that had led to sky-rocketing prices, increasing unemployment and massive external debt.

While accusing the Rajiv government of aggravating the economic crisis, the resolution also accused the government of throttling the public sector to make way for privatization.

It also called for fair and remunerative prices for agricultural produce.

The president of the West Bengal unit, Dr Jayant Kumar Banerji, and the president of the Punjab unit, Sardar Nirmal Singh, were among those who were elected to the new working committee.

The other members were Mr S.W. Dhabe, Mr Kishore Chandra Deo, Mr Shanmukhdas and Mr Charanjit Singh Bedi (Punjab), Mr P.G. Gavai (Maharashtra), Mr Omprakash Malik (Haryana) and Mr Satyapala Yuvak (Rajasthan).

#### More Details on Meeting

46001031 Bombay THE TIMES OF INDIA  
in English 26 Sep 89 p 7

[Article by Chinu Panchal]

[Text] Nagpur, Sept 25. The 77th plenary session of the all-India Congress(S), which concluded here yesterday, has done much more for the organization than changing its name to Indian Socialist Congress.

It has reminded to all those who had written it off after the defection of its president, Mr Sharad Pawar, to the Congress 18 months ago, that it has survived the traumatic experience and politically it is still alive.

The presence of over 1,500 delegates in Nagpur conveyed that message more tellingly than anything else. Of course, nearly 50 percent of them were from Kerala where the party has two ministers in the coalition government. About 100 came from the party president, Mr Sarat Chandra Sinha's home state, Assam, 75 from West Bengal, 40 from Haryana, 30 from M.P. [Madhya Pradesh], 15 from Rajasthan, and about 300 from Maharashtra.

It became evident that the party did not have much of following except in Kerala and Assam. Even in Maharashtra, there is hardly any significant following outside the Vidarbha region. Even there the party has survived because of the old stalwarts like the former MP [Member of Parliament], Mr S.W. Dhabe, who had not only refused to toe Mr Pawar's line but had vigorously opposed the move to merge with the Congress. Holding a session in Nagpur was, therefore, a kind of tribute and recognition of Mr Dhabe's service to the party.

But the main purpose of holding the plenary session was to ensure that the other opposition parties, especially the

National Front of which the Socialist Congress is a constituent, busy in chalking out their strategy and tactics for the coming Lok Sabha elections, should remember and recognize that the Socialist Congress still exists and has a substantial following and must be given its due share at the time of distribution of seats.

As one party leader explained, had this point not been stressed at the Nagpur session, there was a danger that the Janata Dal and others in the National Front might have easily agreed to write off the Socialist Congress and would have even ignored it.

That was the reason why the Socialist Congress had invited Mr V.P. Singh and Mr N.T. Rama Rao to address the session and see for themselves the party's base. Mr Singh came to Nagpur but Mr Rama Rao did not because of other engagements.

Mr Singh got the maximum mileage during his one-day stay by putting across the opposition viewpoint on various issues at several meetings. It will not be surprising if the National Front considers the Socialist Congress claim for the Nagpur seat more sympathetically.

The session also made it clear that there is no desire on the part of party leaders to end its separate identity by merging with some other opposition party or by following Mr Sharad Pawar, however belatedly. In any case, there are no merger plans till the elections are over.

But if the leaders are not thinking about merger, the delegates did not seem averse to the move. Several delegates told this correspondent that they could not exist for long as a separate national party with such limited following.

"It is not that we are not thinking of merging with a bigger party," said a delegate from Kerala and added, "but our problem is which party to join. The BJP [Bharatiya Janata Party] is an anathema to us. And if I join the ruling Congress now, I will be accused of opportunism and having lust for power. I have never been accused of that in the past 30 years of my public life. Why should I invite such accusation at the twilight of my public life?"

The political resolution of the party has already hinted that the Socialist Congress is not averse to merger. It says, "The party has always taken a positive and firm view that our search for a national alternative should lead to the formation of a new left-of-center party based on a clearly defined programme which can capture the imagination of the people and meet their aspirations, within the framework of the Constitution and well-defined code of conduct."

For the present, the party seems to be more concerned with increasing its political influence. The resolution demanding the setting up of development boards for the backward areas of Maharashtra within a month was a step in that direction. Mr Dhabe has been agitating for a development board for the Vidarbha region for last

several years and if he gets the opposition ticket, that is going to be his election platform.

## IRAN

### Deputy Minister Details Health Care Inadequacies

90O10014E London KEYHAN in Persian 7 Sep 89 p 4

[Interview with Deputy Minister of Health, Treatment, and Medical Education Dr Salaheddin Delshad by reporters; date and place not specified]

[Text] "Of the 100 drugs that are distributed in the pharmaceutical system of Iran, 250 are frequently in short supply as a result of uncontrolled use and foreign currency problems."

The above-mentioned point was made to reporters some time ago by Dr Delshad, the deputy minister of health, treatment, and medical education. Following this announcement, he said: "The distribution of drugs, from production to importation and delivery to pharmacies, is quite regulated, but, since the prescriptions are not kept in the pharmacies, the possibility of later control does not exist." In connection with the increase in the number of government pharmacies, he said: "As long as private applicants for establishing pharmacies exist, government pharmacies cannot legally be established."

The deputy minister of health and director general of the regional health and treatment agency of Tehran Province pointed out: "Of the 700 pharmacies active in Tehran, 500 receive drug rations from the government. Of the 1,100 drugs distributed, 258 items are distributed to each pharmacy once every 2 months, more than half of which are special drugs, and the shortage of 50-60 items is very serious and creates problems."

In another part of his interview, the above-mentioned official said: "Before the revolution, only 17 percent of the volume of drugs was produced domestically, which has now reached 92 percent. But most of the raw materials are procured from other countries."

Dr Delshad announced that in the past year (1367 [21 March 1988-20 March 1989]), 100 billion tomans worth of drugs were consumed, 87 billion of which were procured from other countries.

The director general of health and treatment of Tehran Province described the uncontrolled use of drugs in the country as a "point verified by all experts and executive officials" and considered it to be the result of the people's excessive reliance on drugs and physicians being influenced by patients. He said: "Even if government supervision over the distribution of drugs is reformed, the uncontrolled use of drugs will still cause problems." The official added: "In this connection, the medical board organization is in charge of planning refresher courses through which it can explain the problem to physicians. Also, those physicians who write excessive

prescriptions for patients must be invited for discussion and exchange of views. At the present, some prescriptions contain 12-13 drugs."

#### **Population Increase Has Escalated Treatment Problems**

In another part of his press conference, Dr Salaheddin Delshad said: "The population in Karaj has increased 10.4 percent, but the resources have not increased accordingly. At the present, in Iran there are an average of 2.5 hospital beds for every 1,000 persons. In Karaj, this figure has reached 1 bed for every 3,000 persons. In Damavand and Firuzkuh, there is 1 bed for every 2,000 persons.

As he continued the press conference, the director general of the regional health and treatment agency of Tehran Province warned that the uncontrolled increase in population—which has not been controlled at all and continues—strikes a deadly blow against all plans. At the present, in Tehran we need 500 outpatient treatment centers, but only 174 are in operation.

The above-mentioned official said in another part of the press conference, concerning the government punishment of physicians: "The special court of the medical punishment committee has been established as part of the medical board by the Revolution Prosecutor's Office and is rapidly investigating cases."

He added: "All medical establishments and centers which have committed offenses since 22 Farvardin [11 April] of this year or are guilty of over-charging must pay in fines 20 times the total amount that they have charged in excess of the original amount during this period."

Dr Delshad also said: "The new medical punishment plan will be carried out under the supervision of the Revolution Prosecutor's Office with the expertise of the professors and physicians of the medical board. The medical punishment committee will hold sessions every week, with consideration for the day's prices and the government's failure to offer sufficient medical resources to medical groups, in the presence of those persons who have been complained against, and the ruling will be carried out the following week."

#### **Domestic Rail To Link With Soviet Rail To Facilitate Trade**

90OI0014C London KEYHAN in Persian 24 Aug 89 p 4

[Text] The Ministry of Roads and Transport of the Islamic Republic intends to build a railroad between Mashhad and Sarakhs and Tajan to link the domestic railroad to the Soviet railroad network.

The report concerning the possibility of linking the Iranian railroad with the network of Soviet railroads was given to press correspondents some time ago by Sa'idi-Kiya, the minister of roads and transport. This official, who had traveled to Gilan province to take part in the opening ceremonies of the joint Islamic Republic-Soviet

shipping line, told reporters that building the Mashhad-Sarakhs and Tajan railroads will increase the capacity of goods transportation in the country. Moreover, these lines will not only facilitate the import of goods from the Soviet Union, but will also give both countries the opportunity to take steps toward aiding the transit of goods.

The minister of roads and transport of the Islamic Republic, who took part in a press conference, referring to the expansion of commercial trade with the Kremlin, said: "With the start of the shipping activities of the Islamic Republic and the Soviet Union, of the total capacity of 1.5 million tons of goods in Anzali and Nowshahr Ports in phase one, about 400,000 tons of goods will be traded through these shipping lines."

#### **Kalantari Blames Afghans of Narcotics Trade**

90OI0014D London KEYHAN in Persian 7 Sep 89 p 2

[Excerpts] [Passage omitted] It should be pointed out that in Iran, in addition to domestically produced opium, large amounts of opium enter the country from Afghanistan and the uncontrolled borders of the country, and are made available to the young people, who have no other source of recreation or peace of mind.

According to reports published by the Islamic government, in addition to the Iranian rings, a large number of Afghan rings are active in smuggling narcotics to Iran. But of the more than 800 persons executed in Iran for smuggling and distribution of narcotics, so far no mention has been made of the Afghan rings.

Last week, Mokhtar Kalantari, the deputy commander general of the Islamic revolution committee, announced that some of the Afghan political parties are involved in smuggling narcotics to Iran. Mokhtar Kalantari's reference to some refers to the eight Shi'ite groups whose center of political activity is inside Iran, and who are supported by the Islamic government, since the members of the seven political groups headquartered in Peshawar do not frequent the Iran-Afghanistan border.

Mokhtar Kalantari said that until now, the Afghan rings smuggling opium into Iran have not been dealt with, but he did not mention the reason for this lack of attention. He said: "A large percentage of the narcotics are brought into the country by Afghans. Until now, for various reasons, attention has not been paid to this act, but now the time has come to fight this."

Mokhtar Kalantari added: Most of the narcotics rings are Afghans or are in contact with the Afghans, and, unfortunately, some of the Afghan political parties have a hand in narcotics smuggling. He asked the Afghan Mujahidin to separate themselves from the narcotics smugglers.

Unfortunately, in fighting narcotics, the spread of which is the result of such policies and methods in dealing with the people and the social problems of the society, the officials of the Islamic government have merely resorted



to primitive, ineffectual, and harmful methods and so far have not even taken one essential step to uproot this destructive phenomenon which has brought destruction to the Iranian society over these past 10 years.

#### **In Last 6 Months 40,000 Addicts Reportedly Arrested**

900100148 London KEYHAN in Persian 24 Aug 89 p 2

[Text] Explaining the activities in the fight against narcotics smuggling, Mokhtar Kalantari, the commander general of the Islamic revolution committee, announced that in the past 6 months, more than 40,000 persons have been arrested for narcotics addiction in Tehran and other cities.

##### **1. Kind of addiction:**

Heroin addicts, 15,822 persons

Opium addicts, 18,963 persons

Hashish addicts, 5,214 persons

##### **2. Addicts according to age groups:**

Persons 10-20 years of age, 2,232

Persons 20-30 years of age, 9,222

Persons 30-40 years of age, 17,482

Persons 40 years of age and older, 10,043

##### **3. Addict occupations:**

Non-government employee, 36,465 persons

Government employee, 3,466 persons

Mokhtar Kalantari said: "One of the rings whose members have been arrested imported 80 tons of narcotics during their year and a half of operation."

Considering that according to the same person, in the past 6 months, only 300 kg of heroin, 6,600 kg of opium, 2,500 kg of opium extract and 1,461 kg of hashish have been confiscated from narcotics smugglers, clearly dozens of tons of narcotics still exist in the country that have been brought in by numerous groups.

This Islamic government official estimated the number of addicts throughout the country at merely a million, which, in the opinion of informed individuals, is far lower than the actual number of addicts. Mokhtar Kalantari also said that since the start of the fight against smugglers, a large number of Iranian smuggling rings have halted their activities only to be replaced by Afghans.

The deputy commander general of the Islamic revolution committee confessed that of the 40,000 addicts who have been arrested so far, only 3,000 have been treated.

It should be pointed out that the Islamic method of addiction treatment is to imprison the addicts in labor camps in harsh climates and, without any hygienic or medical care, to force them to give up addiction through the Islamic method, which is to deprive them of narcotics.

A physician familiar with addiction treatment told KEYHAN (London) that such treatment will result in very unpleasant side effects for most addicts and will cause a psychological imbalance in them for the rest of their lives.

Considering the admission of Mokhtar Kalantari that there are at least a million addicts and that the number of those treated so far is insignificant, the officials of the Islamic Republic do not say how they intend to treat the rest of the addicts or what is to be done with the dozens and perhaps hundreds of tons of narcotics in the country.

It should be pointed out that from now on, Hashemi-Rafsanjani will head the antinarcotics headquarters.

#### **Tehran To Face Water Difficulties**

900100144 London KEYHAN in Persian 3 Aug 89 p 4

[Text] While the present amount of water allotted to Tehran for 1370 [21 March 1991-20 March 1992] was supposed to provide water for a population of only 5.5 million in that city, the uncontrolled population growth of Tehran to between 8 and 10 million has caused the people of the capital city to face grave water shortage problems.

Some time ago, regarding the water resources for Tehran, Engineer Mirhadi, the deputy director of the Tehran regional water development and distribution agency, said that the water for the capital is procured mostly from the rivers around Tehran and from underground resources. According to last year's statistics, about 320 million cubic meters of water were procured from the Karaj River, 210 million cubic meters from Lativan, and 50-60 million cubic meters from underground water supplies.

The above-mentioned official added: "An 8-year plan and a 20-year plan have been devised for Tehran. According to the first plan, no water resources will be available outside Tehran, only the utilization of underground water will be increased. However, according to the 20-year plan, water from outside Tehran will be used, planning for which has been carried out."

Engineer Mirhadi said: "According to the 20-year plan, the Taleqan reservoir, the rivers around Tehran in the Alborz, the completion of the Lar dam, and the building of a dam on the Rudkan to take the place of the water used in the forests have been studied. These projects are costly and long-term, with an ultimate capacity of 1.29 billion cubic meters in the not-too-distant future, of which 200 million cubic meters will be procured from underground resources."

This same official announced that 80 billion rials in funds, 40 percent of which would be foreign currency, are needed in order to carry out these plans.

#### **Relentless Heat and the Intermittent Stoppage of Piped Water in Tehran**

According to available reports, the relentless severe heat wave in Tehran, combined with the shortage of water, has caused the officials of the Tehran water agency to

warn of such threats as the intermittent stoppage of piped water in some parts of the city in trying to confront this problem. The executive director of the Tehran water agency announced some time ago that if the 20 percent of the Tehran population with uncontrolled water use do not change their consumption habits, Tehran will face severe problems with regard to water.

Warning the citizens of Tehran, the above-mentioned official said: "The maximum potential water availability for Tehran is 1.3 billion cubic meters, which we must obtain in the next 20 years. This amount will only be sufficient for 12 million people; therefore, we must think and take steps as soon as possible to prevent the increase in the Tehran population."

In connection with the recent problems of the people in regard to water shortages, Engineer Taravat, the executive director of the Tehran water agency, said: "The reduction in humidity has increased the need for water consumption, particularly since the heat level this year has been unprecedented in the past 35 years. During these years, we never saw the low temperature above 35 degrees, especially not for a long period of time."

This official added: "According to the available statistics, with temperatures of 37-39 degrees centigrade, the amount of consumption of water in a 24-hour period increased by 150,000 cubic meters per degree. The amount of consumption at 40-42 degrees, which has been unprecedented in Tehran, increased consumption by 200,000 cubic meters per degree every 24 hours."

#### **Lack of Technical Projections for Combating Water Shortages**

The executive director of the Tehran regional water agency announced that the reason for the recent problem is not the water shortage, but that the technical resources regarding transfer and distribution are at full capacity, because no projection has been made since last year to increase the service capability.

In connection with the distribution of water in Tehran, he said: "In Tehran, 80 percent of Tehran citizens use 60 percent of the water and the remaining 20 percent, who live in the northern areas and elevations of Tehran, use 40 percent of the Tehran water."

Engineer Qa'empanah, the director of the consulting engineer's office, said in regards to present water consumption in Tehran: "The per capita water consumption in Tehran at the present time is 240 liters, of which 50 percent goes for household uses, 12 percent for government uses, 3 percent in public baths, 2.5 percent for commercial uses, and 33 percent for such categories as washing facilities, irrigation of public green areas, and accidents in the transmitting system and waste in the system."

At the present, officially, 6 million people make use of Tehran water in an area of about 250 square km. The above-mentioned official warned that if this situation continues, we will need large facilities and resources

requiring huge investments and the transfer of water from the agricultural sector for consumption.

## **PAKISTAN**

### **Alleged 'Weakness' in Afghan Policy Criticized**

90010013A Lahore NAWA-I-WAQT  
in Urdu 6 Oct 89 p 9

[Editorial: "Weakness of Mujahidin or of Pakistan's Stand?"]

[Text] Prime Minister Benazir Bhutto, in an interview on the BBC program "Panorama", asserted that the Afghan Mujahidin would never be able to make it against the Afghan government forces. Now, we favor a political settlement, and yet when the Soviets entered Afghanistan, most political observers in Pakistan and elsewhere thought that it would be impossible to make them leave that country. History seemed to strengthen this fear. But the freedom fighters' determined struggle, reinforced by Pakistan's military, moral, and social support, led to the final withdrawal of the Soviet forces. The Soviet leadership has admitted, time and again, that occupying a non-aligned Muslim country was a great mistake of their history, for which they have paid in the form of a shameful retreat. To the great sacrifices the Afghans made for their freedom, for 8 1/2 years, was added Pakistan's determined and continued support. Later, other Muslim and western countries strengthened the Afghan cause by endorsing Pakistan's stand. But the real credit goes to the Afghan Mujahidin, who won victories in the battle field, and made it possible for Pakistan and other like-minded countries to make some diplomatic moves. The Geneva Pact was signed because the Soviets had realized that it was impossible to subdue the Afghan people by force of arms. Pakistan's aim was to help a superpower make a dignified retreat, and to help Afghanistan establish a broad based and popular government. Before it came into power, the PPP [Pakistan People's Party] did not agree with the then Pakistani government's Afghan policy. But unlike Wali Khan and the other leftist groups, it did not praise the Russians, call the Kabul government revolutionaries, and dub the Mujahidin as renegades. However, when the PPP did come into power, it proclaimed that it would continue the former regime's Afghan policy. They admitted that the Afghan Interim Government was the representative government of Afghanistan, but did not recognize it in the proper political manner. This has given the impression that our Afghan policy is changing. It is a fact that we recognize the Palestinians to be the true rulers of Palestine, when they do not own even an inch of that land. Then why do we not recognize the Mujahidin as the true rulers of Afghanistan, when they are in control of 87 percent of its territory, and have already had one meeting of their cabinet in Afghanistan? It seems that our internal power struggle had made us so weak as a nation that now we are losing whatever we had achieved in the diplomatic field. Does it show a change in foreign policy, or is it just an admission of weakness, that the prime minister, contrary to the vowed

policy of the government, has declared that the Mujahidin can never defeat the Afghan forces. As a matter of fact, these very Mujahidin compelled the Soviet armies to leave the country, and these very Kabul regime troops, despite reinforcements from the Soviets, lost 80 percent of Afghan territory to the Mujahidin. It is the same Najibulla who was saying to the Mujahidin that if his resignation could bring peace to the land he would submit his resignation. To us, it seems that neither Najibulla's army has grown invincible, nor has the determined struggle of the Mujahidin weakened. Only the American policy has changed, and Pakistan has lost that strength of purpose that we need at this crucial moment, when we have to grasp everything that we had won in the past. The prime minister should not have said what can only discourage the freedom fighters. As far as the internal struggle between the different Mujahidin groups is concerned, we should not give it much importance. Everybody knows that when several groups and parties have joined hands to fight for a common purpose, they often fall out with one another. But these disagreement do not mean that they cannot achieve their united purpose. The Mujahidin had mutual differences even when the Soviets were in control of the country. But the latter had to leave all the same. On the other hand, the Mujahidin should be made to realize that their mutual quarrels are harming them by giving the impression that they have grown weak. It is in the interest of Pakistan, despite what the prime minister has said, to put an end to Najib's power. Why should the relics of Soviet power be in a country which the Soviets have left? Now is the time for the Afghans to have a representative Islamic government. After that it will be easy for the Afghan refugees to leave Pakistan. The refugee problem will be solved only after the Mujahidin win a victory, and a permanent political solution has been worked out for the country. The Geneva Pact proved ineffectual because the Soviets did not fulfill their part of being the custodian of the pact. However, we should keep in view the fact that the establishment of a fundamentalist Islamic state in Afghanistan is repugnant to both the Soviets and the United States. The Soviets do not want the Muslim states of central Asia to have an Islamic identity, and the United States, likewise, does not want an Islamic Block to emerge from the unity of the fundamentalist Islamic states of Iran, Afghanistan, and Pakistan.

#### **Caution, Understanding Advised To Avoid Martial Law**

46560069 Karachi JASARAT in Urdu 22 Aug 89 p 3

[Column titled "Siyasat Namah" by Abdul Kalam Abid: "How To Avoid the '5th Martial Law'"]

[Text] Maulana Fazalur Rehman, leader of the Jamiat-i-Ulema-i-Islam [JUI], has warned that there could be another martial law if the Pakistan People's Party [PPP] raises the sensitive issue of the military. Statements to this effect have been issued by several other leaders also. These include leaders who believe that the 5th martial law is analogous to suicide for Pakistan. Even Ziaul Haq

had hinted about the disastrous results of another martial law. He wanted to form a new constitutional government, that could replace the martial law government. We will not know exactly what he meant, since he is not alive now. We do not have strong people like Zia or Ayub Khan to define a form of government and then run the country according to it for a decade or half.

Then there is the state of Sindh. As a group, the Sindhi-speaking people will consider a new military government an insult and a defeat. They will try to get even at all costs. Also, the present international situation will not allow any new martial law government. The United States, once a great supporter of dictatorships in third world countries, has suddenly become a great proponent of democracy. It used to establish dictatorships here and there; now it is establishing democracies everywhere. Thus, they are holding elections in Albania. Democracy is actually a weapon which the Western world is using these days far into China, the Soviet Union, and Western Europe [as published]. The socialist governments, after their drastic failures in economic development, are taking this beating quietly. They knew well that they could not carry on the false promises of socialism for long, and it was time to give way to democracy. A result of this kind of thinking is the dramatic change in Poland, which left the world stunned. A man who is a Catholic scholar, a friend of Pope Paul, and a great supporter of democracy and freedom of the press is the prime minister of a communist country!

We are greatly puzzled when our prominent and sagacious leaders discuss martial law in such times. Why are they turning the wheel of history backwards? However, the warning of these leaders is justified, and it is not without reason. Maulana Abdur Rehman has also clearly indicated the basic reason for martial law. He said that bothering the armed forces will result in martial law. It is a very fine point. Our military gave way to democracy because of the pressure at that time. The military, however, is an organization and it is a powerful organization. It has its own ideas, needs, fears, and beliefs. Ignoring and hating all of these, while trying to establish democracy, is analogous to digging one's own grave.

It is important to move cautiously when one adapts from one era to another, and at each step, one has to demonstrate modesty and understanding instead of ego. Look at Poland! The opposition there has won the opportunity to rule after 40 years, but it got it by understanding. They were told that they would not be allowed to run for elections for the upper house. They agreed to it. They were restricted to compete for only 161 out of 460 seats in the National Assembly. They accepted that restriction also. Then the demand came that the defense and the home ministries will be controlled by the old government. They bowed their heads to it also. They also agreed with the decision to keep Poland a member of the Warsaw Pact. They even agreed not to make any great change that might totally disrupt the socialist system in the country. They agreed to work on bringing more conformity between the two ideologies. Thus, a new era



began there. Mrs Bhutto had started out similarly here. She accepted the foreign minister appointed by the army, the president from the bureaucracy. She took a vow not to encourage nationalization and pushed for privatization. She stopped calling the United States the murderer of Bhutto, and accepted it as her supporter. After this good start came the taste of power. Selfishness and conceit raised their ugly heads. As a result of this, the policy of tolerance was not extended to the states. Mrs Bhutto considered Nawaz Sharif a cheap prey, and began to plan action against his state government. I had told her at that time that she should accept the fact that the same system that gave her power had also helped Nawaz Sharif. She could not win her war with Nawaz Sharif. Even persons like Zahir Babar, the leader of the left wing and a supporter of equality, the columnist Manu Bhai, Abdulla Malik, and Mubashar Husan said that there was nothing wrong if Nawaz Sharif was the chief minister. It was considered a good development that finally Punjab had as its chief minister an industrialist instead of a landlord. All of these intellectuals called the boycott staged by the Punjab opposition wrong, and warned that this would result in worsening of the situation. That is what happened. The situation worsened. Not only did the relations between Punjab and the center become tense, but there was a struggle between Baluchistan and the center. In a cheap shot from the center, the Baluchistan assembly was attacked. The assembly was reinstated by a court order. Akbar Bagti, who has always been close to the PPP, became the chief minister as a result of this new assembly. He is so close to the PPP that he was given the responsibility to end the National Awami Party [NAP] government and was made a governor during the Bhutto regime. Despite all of this closeness, Mrs Bhutto fell foul with Akbar Bagti, just as she did with Nawaz Sharif. There was a statement by Akbar Bagti in the newspapers today. He said that there was no understanding between the central and the Baluchistan governments. There appears to be no chance of any agreement and the distance between the two governments is increasing. He added that he was nothing compared to the president of the country, who was also being challenged by the central government.

The PPP leadership (especially Nusrat Bhutto) issued irresponsible statements about the friction between the states and the central government. This angered the senate members. The strife with president Ghulam Ishaq Khan was first publicized openly and now it is being suppressed.

All of these actions show that Prime Minister Benazir Bhutto does not like the democratic system, in which the power is not vested in one individual but rather is shared by various persons and agencies. She does not like to share power. She wants a dictatorship in the guise of democracy. She wants to control the military fully, to have absolute power. All of this is very dangerous, and hints towards another martial law. Mrs Bhutto should remember that many martial law regimes were started, in many countries, without the support of the United States. A small country like Burma is refusing to end its

martial law regime, and is suffering an economic boycott by the Western world and Japan. Sudan also had government upheaval against the wishes of the United States. If the military of these tiny countries can go against the United States, then it is possible for Pakistan to do the same. There can be a new martial law against the wishes and desires of the United States. When or if it happens, it will not be good for Pakistan, its politics, democracy, the PPP, or Mrs Bhutto. The only way to avoid another martial law is for the government to stop the practice of starting friction. It should try to normalize the situation and be more understanding in order to win trust. The government should not rest believing that there will be no martial law because the United States is our friend and the American politicians have threatened Pakistan's army with retribution. It is wrong, and if they continue to push the country toward martial law with their wrong policies, the impossible will happen.

#### Use of Force Against Press Decried

46560071 Karachi JANG in Urdu 8 Sep 89 p 3

[Article by Zahida Hina: "Journalism in the Grip of Terror"]

[Excerpts] In recent years, one has come to feel as though our society is in the grip of terrorist groups. The small fry among them sometimes get killed in police encounters, and sometimes they are captured. But the real terrorists here are those, seeing whom resplendent in uniforms, the police, far from encountering them, have been saluting them and providing security on the paths these dignitaries travelled.

Over half of our country's life has passed under dictatorship. During this time, the operators of the so-called linguistic, religious, political, and communal parties, have hit upon an inexpensive formula—instead of getting involved in beating an idea with a superior idea, it is better not to permit the opposite point of view to see the light of day. As a result, these people, equipped with daggers and assault rifles of lying fiats and misleading proclamations, have pounced upon all of those who reflect on events and entertain intelligent and broad minded points of view on the issues and give expression to these.

All over the world, universities are considered seminaries of knowledge. Therefore, the people and the organizations involved in organized and mental terrorism decided that the citadel of thinking should be reduced in the universities. Therefore, on the one hand, courses based on intelligence, friendship, and broad mindedness began to be hounded out, and on the other hand, a campaign was begun to harass the professors teaching in the universities, so that with the exception of point of view of a particular organization, the students would not learn anything else.

After drying up the sources of thinking and wisdom and putting restrictions on thought, it was the turn of the

scholars and their research. In our country, the number of writers is minuscule and the number of books published is very small, but the censorship of books and the process of declaring writers and poets fair game for murder has forced many to keep their manuscripts under lock and key, and the abilities of many have been cowed down by fear of their life and property.

Once this stage had been encompassed, then came the turn of the newspapers. State tyranny already had the newspapers by their throats, but then dictators and tyrants realized that an even better way would be to teach organizations, surviving on their handouts, that they should start direct terrorism against the newspapers. As a result, the siege and burning of newspapers began. Currently, the situation is such that any organization and group that so desires, mounts an attack on the newspaper offices in order to get published the news of its own choice or to suppress the opponents news. The owners are threatened. The journalists and the photographers are pressurized. The newspapers are burned. They are boycotted. The people writing for the newspapers are subjected to telephone threats, and anyone connected with the newspapers is kept under ceaseless mental pressure, so that the fear hanging over their heads may force the writers to write only what the terrorists want, and instead of honest reporting and printing different points of view, the newspapers merely become chroniclers of the different parties.

The readers may not realize this, but the owners of newspapers, those working there, and those writing therein are aware that things have become intolerable. For some time, some of the people connected with journalism had been assessing the gravity of the situation and had been pointing to it but many people probably did not read the writing on the wall.

Last week, the Karachi Union of Journalists [KUJ], in cooperation with the Karachi Press Club, organized a seminar on the important subject of "Violence Against Free Expression," which was presided over by an important personality of the country, Justice Dorab Patel. Everyone is familiar with the good name that Justice Dorab Patel earned for himself by his judicial decisions and by associating with the human rights movement, and his participation in any meeting is enough to raise its prestige.

In this seminar, Professor Mohammad Nasir and Zamir Niazi read their articles. Professor Mohammed Nasir has personally been a victim of violence during the last few days, and the teachers of Karachi colleges ran a very effective campaign in his support. There is force in his pen, and he is very much familiar with the causes and consequences of terrorism. Throwing light on the origin of the trend to suppress freedom of thought and expression by brute force, he said:

"The group, the clique, the class, which comes to fear freedom of thought and expression, will try to suppress freedom of thought and expression by force, intimidation, and violence. Somewhere it will invoke Islam, somewhere

it will talk of protecting ideological frontiers, and somewhere it will talk of the country's integrity. If this does not work, it will stage Shia-Sunni riots, create quarrels among the people speaking different languages, so that its own interests may remain secure. In order to protect their interests, and to crush freedom of thinking and expression, the privileged classes here, on the one hand, resort to state oppression and, on the other hand, they incite quarrels among different parts of the country."

Zamir Niazi is one of those journalists of Pakistan whose name is well known among foreign circles interested in this region. His subject matter was an encyclopedia of the process of intimidation against the newspapers, statistics and this kind of information and events of which many journalists were ignorant. Zamir Niazi has kept a record of each day of Pakistani journalism. He made a mention of the first incident of terrorism against the newspapers. He disclosed that the first incident happened in Dacca on 24 January 1969, when the students protesting against the self styled Field Marshall Ayub Khan attacked the offices of the government newspapers DAINAK PAKISTAN, and MORNING NEWS under the National Press Trust management. The second incident also took place in Dacca.

In March 1971, when military operations began in Eastern Pakistan, the office, the press, and the building of THE PEOPLE newspaper of Sheikh Mujib Al Rehman's Awami League was reduced to a heap of rubble on 26 March 1971. Niazi also referred to those newspapers which became victims of official oppression during Mr Bhutto's regime. Later on, following the clamping down of martial law in 1977, the government and even the parties under government patronage were permitted to burn down whichever newspaper they pleased, to humiliate any journalist they liked, to make any false charges against any writer they wanted, and in the event that a journalists protested against it, the protestors may be labelled "heathens" and "devils" and their marriages declared worthless.

In this connection, Niazi also mentioned the cases of two journalists who, after being subjected to oppression, were murdered. One of them was Waseem Qazi of Lahore who, on 27 November 1987, was murdered in his own house after being subjected to violence. The second incident took place in Sindh where, on 25 February 1988, a dozen persons went to the house of a journalist, Mohammad Bakhsh Oudhano. They murdered him in cold blood and abducted his young sister.

Niazi gave details of the events to JANG, DAWN, NAWA-I-WAQT, JASARAT, AFTAB, and countless other newspapers, and these details were enough to make one's flesh crawl. In this context, he gave an example of the Indian province Punjab, where last year alone Sikh extremists killed over 30 journalists.

In his speech, Justice Dorab Patel, complained that, despite the importance of the subject matter of the seminar, neither journalists, nor thinkers and activists

from other sectors took part in the seminar with any great enthusiasm. He warned the important people and the masses that if this trend of violence toward journalists and newspapers is not put down firmly, this trend could be the harbinger of dictatorship in the country. He said that for a prosperous and better Pakistan a free press is a must.

The participation of fewer people in this seminar is surely tragic, but the welcome aspect is that about 200-250 persons have started the process of thinking in the right direction. The credit for this goes to KUJ's secretary general, Zaffar Abbas, and its president, Wahid Bashir, who in these difficult times touched on this dangerous subject. But it is a bitter reality that if the journalistic community and the silent majority of newspaper readers do not come to grips with this dangerous situation, ultimately, journalism in Pakistan, will be buried so deep that no amount of crying will bring it back to life, and in the name of newspapers, you will get to read news stories and articles dictated by the various parties.

#### **Shujaat Allegedly Chased by Intelligence Men**

46000025A Islamabad THE MUSLIM  
in English 5 Oct 89 p 8

[Article by Raja Zulfikar: "Shujaat Chased by Intelligence Men?"]

[Text] Islamabad, Oct. 4: In what was seen as an unusual move, bodyguards of Chaudhry Shujaat Hussain, leader of the IJI [Islamic Jamhoori Ittehad] Parliamentary Party, detained three persons allegedly belonging to an intelligence agency who were following the Opposition Leader.

Reports suggest there was an altercation between the bodyguards of the Chaudhry and the alleged three officials of the intelligence agency. The Opposition leader claimed his men had to take 'action' when the said personnel tried to harm them.

The bodyguards, then, took the alleged agency officials to the residence of Chaudhry Shujaat Hussain where they were detained for over three hours. Later, they were taken by the police.

The incident occurred when Chaudhry Shujaat Hussain was returning from a function (with Mr. Junejo). He alleged the men in question started following his vehicle on motorcycles.

When the bodyguards of the former Federal Minister tried to stop these suspects, they are alleged to have threatened the guards, Chaudhry Shujaat himself claimed, one of them picked up a stone and tried to hit one of my guards." At this [point], the guards overpowered them.

Soon after the incident, the Chaudhry came to attend the National Assembly session and told his colleagues about the alleged agency officials. The entire Opposition was

extremely annoyed over the incident and soon after the break in the Assembly, they raised the issue in the House.

On a point of order, Chaudhry Shujaat Hussain drew the attention of the Speaker (Dr. Ashraf Abbasi) towards what had happened. What followed next was that there was light uproar by the Opposition members.

The tone of the Chaudhry was rather surprising. Addressing the Interior Minister Chaudhry Aitzaz Ahsan, he said, 'Tell the IG [Inspector General] Police to go at my residence and take the detainees back.'

Shaikh Rashid boomed, 'our telephones are being tapped, our meeting places being bugged, we received murder threats.' Chaudhry Ashraf, another Opposition member, also expressed deep concern over the incident.

However, Chaudhry Aitzaz Ahsan cooled down the Opposition members and said 'an inquiry into the incident would be held immediately.' His words somewhat brought down the wrath of the opposition.

Later, talking to the Muslim, Chaudhry Shujaat Hussain criticised the government and said they claimed to be the champions of democracy but their deeds fully negated their claims.

The Chaudhry who was a bit harsh Wednesday said the Opposition had long been claiming that the intelligence agencies followed the IJI leaders. 'They keep a surveillance on us,' he added.

'I am surprised why they (the alleged intelligence officials) don't go to Sindh and pin-point the mischief-mongers there. These people are very expert and can assist the administration to bring peace in the province,' the leader of the IJI Parliamentary Party said.

He accused that the entire intelligence set-up was ordered to follow the activities of the Opposition members, so much so that they watch the IJI President who has been elected democratically.

When this correspondent tried to contact the Interior Minister he was not at home. No other official spokesman was available to comment on the incident.

#### **Production in Major Industries Said Declining**

46000026A Karachi BUSINESS RECORDER  
in English 25 Sep 89 pp 1, 6

[Article by Nayyar Zuberi: "Major Industries' Production Declines"]

[Text] Out of 15 major industries, six registered production decline ranging between 5.4 percent to 21.1 percent during the first nine months of last fiscal (1988-89), says a report of Karachi Chamber of Commerce and Industry.

These six industries include cotton (six percent), jute goods (10 percent), cigarettes (21.1 percent) paper and chipboard (5.4 percent) and billets (16.3 percent).



Some major industries which recorded increase during July-March 1988-89 includes cotton yarn (10.9 percent), phosphate fertilizer (5.9 percent), paper all type (11.1 percent), soda ash (10.5 percent), caustic soda (10.2 percent) and sugar (0.8 percent).

The large scale manufacturing sector is estimated to grow only by 1.2 percent, as against 10.6 percent last year. This lower growth rate was caused mainly by decline in the production of cotton cloth, vegetable, ghee, cigarettes, chipboard and billets. The growth rate of mining and quarrying and construction sectors also decelerated.

The small-scale manufacturing sector, however, maintain the conventional growth of 8.4 percent during 1988-89.

Many factors are responsible for this sluggish growth in the large manufacturing sector after witnessing spectacular trend last year. Among them are political uncertainties during the first five months of the year, disturbances in Karachi and Hyderabad, shortage of electricity, inadequate availability of raw materials and carry-over stock of the previous years.

About economic trends, the report said during the year 1988-89, the economy registered an over-all growth rate of 5.1 percent against the target of 6.9 percent and the actual growth of 6.2 percent achieved last year.

Meanwhile, the rate of inflation works out to be around 11 percent. The per-capita income at current market prices is estimated to have risen to Rs 7,446 during the year 1988-89, depicting an increase of 10 percent over the last year.

The notable feature of this growth is that while agriculture recovered significantly compared to previous year, the performance in large scale manufacturing remained depressed.

Agriculture improved from 2.7 percent last year to 6.1 percent in 1988-89. This improved performance was attributed mainly to increase in production of wheat (13.6 percent), sugarcane (2.1 percent) and gram (57 percent). Production of the other major crops namely rice and cotton was slightly lower than last year level.

The total investment is estimated to register a growth rate of 11.3 percent in current prices during 1988-89. This was 3.5 percent lower than the target fixed in the Annual Plan. In real terms, the growth rate works out to 3.1 percent.

The shortfall in the growth rate resulted mainly from the downward revision of allocation for the public sector development programme as reflected in public sector investment which increased only by 2.7 percent as against the target of 12.7 percent.

In absolute terms, total investment has been estimated at Rs 135.4 billion of which Rs 61.9 billion related to private sector, Rs 61.1 billion to public sector and Rs 12.4 billion to changes in stocks.

As a ratio of GNP [gross national product], it amounted to 71.1 percent, slightly less than 17.6 percent realised last year. Out of the total industrial investment of Rs 22.9 billion, the investment in private sector amounted to Rs 18.9 billion.

#### Public Sector Said To Show Improvement

46000027A Karachi BUSINESS RECORDER  
in English 3 Oct 89 pp 1, 6

[Text] Islamabad, Oct 2—The Federal Minister for Production Raja Shahid Zafar unfolded a programme of new investment worth billion of rupees in the public sector to provide employment opportunities and to set the pace of industrialisation, the twin priority areas of PPP [Pakistan People's Party] government.

Addressing a Press conference at a local hotel today, the minister also spoke of improved performance of the existing 66 units of the ministry which, during last year showed over 25.6 percent increase in pre-tax profit, 34 percent increase in taxes and duties, while showing 7.4 percent increase in net sales.

He reviewed the progress of the production units during the year, the minister said that in pursuance of the two objectives set by the government to boost production and provide employment his ministry adopted such a practical strategy which rendered encouraging results.

He said that the strategy covered improvement in operational performance, restructuring of closed and sick units, expansion of plants and product range and ensuring new investments in the industrial units.

He said, Pakistan Steel had turned the corner during 1988-89 and its sales during the year rose by five per cent from Rs 6,350 million to Rs 7,520 million for the first time since its establishment. The achievement was all the more significant as the taxes and duties paid by this unit touched the figure of Rs 623 million compared to its annual contribution of Rs 279 million.

In reply to a question Raja Shahid Zafar dispelled the impression that the Steel Mills had shown profit by selling out some of the assets. He pointed out that even the prices of the products of the Steel Mills had not been raised. He said that as compared to the mills in the private sector the Pakistan Steel products were selling at lower rates. He said that this marked improvement was due to plugging the leakage in the mills. The persons responsible for these leakages were being identified and apprehended. He disclosed that soon a billet caster unit would start operating at the mills. This would bring a revenue of Rs 1.20 crore per annum.

The minister said that he was to proceed to Moscow by October 1, for negotiations a deal for Soviet assistance in expansion of the steel mills. However, he added the visit was delayed and he would visit Moscow by the end of October. During the visit, he would negotiate a loan of 100 million dollars on the marginal interest rate of five

percent returnable within 10 years and with a grace period for the return of the loan, he added.

Raja Shahid Zafar said although Pakistan Steel Mills have a rated capacity of 1.1 million tons, its design had constrained the production of long products (billet) at around 300,000 tons only while the present market demand for this product is almost five times of this figure. In order to balance the production slate, a continuous billet caster is being installed. The project has been completed on schedule and is undergoing dry runs.

He said expansion programme of Pak Steel has also been initiated to meet the estimated increase in demand for steel products in the country. The increase in capacity is planned to be completed in two stages: from 1.1 million tons per years to 1.5 million tons per years by 1991 and from 1.5 million tons per years to 3.0 million tons per year by 1994.

### Suzuki Cars

To meet the backlog of orders and cater for the rising demand for Suzuki cars, a new green field assembly-cum-manufacturing unit is being set up in Karachi. It will have the most modern facilities including a paint shop based on latest electro-deposition technology. The annual output of the new unit will be 30,000 cars of 1000 and 800 CC models. The construction work is in progress and the unit is expected to be completed by December 1990.

The minister said the aggregate performance of the 66 operating units has shown a marked improvement over last year as is evident from the following key indicators:

	1987-1988	1988-89	(Rs in million) Age increase
Production value	35,629	36,355	2.0 percent
Net sales	36,537	39,252	7.4 percent
Pre-tax profit	1,201	1,509	25.6 percent
Taxes and duties	6,131	8,235	34.3 percent

Raja Shahid Zafar said a number of other units have also turned the corner notably Pakistan Machine Tool Factory, Bolan Castings and Antibiotics (Pvt) limited. In addition, the losses at other units have been reduced and some have been brought close to the break even position namely Ittehad Pesticides, Nowshera Chemicals, Naya Daur Motors and Heavy Foundry and Forge.

Dwelling on the subject of sick units, he said, major efforts have been mounted to redress the problems through reorganization and restructuring at the closed or sick units.

In order to achieve optimal use of the two largest heavy engineering and metallurgical facilities a plan for the merger of heavy mechanical complex and heavy foundry and forge was prepared and the administrative merger of the two had been completed. The recent decision by the Prime Minister to restrict the import of sugar and

cement plants has also helped to improve the financial health of these companies. This is reflected by the recent spurt in sales. Contracts have already been signed for the supply of four sugar and four cement plants since the Prime Minister's announcement.

### PIDC

The minister said that Pakistan Industrial Development Corporation [PIDC] was working for the development of projects in high technology areas. Feasibility studies for two projects, Silicon Wafers project and Solar Panels project were under preparation.

He said, a centre for displaying locally manufacture public and private sector products was being set up in Islamabad. The centre would be called "Bhutto House" and its construction was expected to commence during the current month. On the pattern of Bhutto House another display centre would be set up in Rawalpindi. He said, Benazir Rice Processing Mills was being established at Larkana in the industrial complex attached with the integrated rural markaz. The unit would have a capacity of 68,500 tons per annum and provide employment to 150 persons.

The minister of State for Production said, the two units of Pak-Iran Textile Mills at Uthal and Baleli were set up at a cost of Rs 920 million after their start up in 1979, they ran into heavy operating losses and were closed down in 1983.

A four-member delegation led by Secretary Production visited Iran in July 1989 to discuss the matter. During the visit it was agreed that a new joint venture company should be set up in this company. Iran will contribute its 49 percent share in cash, while Pakistan's contribution will be through the capital assets and some cash. Iranian commitment was also secured for utilising all the profits earned by the new company during the first five years from recommissioning for investment in the mill as also the welfare of Balochistan.

PIDC has launched a programme to rehabilitate Shah-nawaz Bhutto Sugar Mills. The programme is designed to increase crushing capacity with the modification of existing equipment and addition of a few items.

The programme for reviewing Zulfiqar Ali Bhutto Textile Mills was considered by the committee headed by Farooq Leghari. Its revival would entail BMR for start up of the spinning section in the first phase.

The minister said PIDC had prepared a programme to rehabilitate Harnai Woollen Mills. The programme was also considered and generally endorsed by the Farooq Leghari committee.

Dir Forest Industries Complex was shut down in 1988 when it was incurring heavy loss. PIDC has drawn up a

BMR programme to rehabilitate this unit. Simultaneously, its transfer is proposed to the NWFP [North-West Frontier Province] government to ensure timber availability as the forest exploitation project is being operated by them.

Kurram Chemical has been facing losses due to the limited and uncertain export demand for santonin, its principal product. Since its present facilities could be utilised for diversifying the product range, the manufacture of other pharmaceuticals has been under consideration. A proposal for manufacturing ampicillin and other related antibiotics is under consideration.

He said, National Motors' revival requires the replacement of its present Bedford Model Truck which has been facing a dwindling demand. A proposal for producing a new Pakistani truck is under consideration based on our own design and components supplied by vendors both local and foreign.

The minister said Sindh Engineering has been assembling Suzuki motorcycles for the last 12 years. Due to quality problems, the company lost its market share. Production facilities at Sindh Engineering were inadequate and obsolete for the product. On a suggestion from Japanese suppliers and with the approval of the government, the manufacturing of Suzuki motorcycles was transferred from Sindh Engineering to a new company i.e. Suzuki Motorcycles of Pakistan Limited (formerly known as Mack Truck of Pakistan Ltd) based on around 62 percent indigenisation over a period of five years. Production volume is planned to increase gradually from 8,600 units in the 1st year to 25,300 units in the 10th year.

People's Steel, previously known as Special Steel, was established in 1974-75 but is lying dormant since 1980. The unit has production facility for stainless steel, high carbon steel and alloy steel products. In view of special importance of the units, the government decided to revive it. An experts committee has been set up to plan for future production and identify the requisite equipment/technology. The proposals and offers received from various foreign manufacturers and consulting firms are being evaluated.

In order to meet the recent requirement of banks for armoured security vans to transport cash and valuables, a phototype is being fabricated by the Trailer Development Corporation. The latter is also closely involved in developing options (such as bus-train) for Karachi mass transit programme, he added.

### Hub Power Project Discussed

46000026C Karachi BUSINESS RECORDER  
in English 24 Sep 89 p 12

[Text] Quetta, Sept 23—The proposed Hub River power project to be set up in private sector was discussed at a high-level meeting held here yesterday under chairmanship of Chief Minister Balochistan Akbar Bugti. Federal

Minister of State for Water and Power Syed Zafar Ali Shah also attended the meeting.

The meeting was told that the proposed 1200 megawatt oil fired thermal power plant will be set up near Hub at a cost of Rs 20 billion.

The project would help in the economic development of the areas. The project to be completed in about four years will employ about 300 persons when commissioned.

### Commentaries Discuss Alleged Coup Attempt

#### Rumors, Perpetrators Denounced

90010002A Karachi AMN in Urdu 10 Sep 89 p 3

[Text] Recently, the well-known London newspaper, FINANCIAL TIMES, quoting its woman correspondent, Christina Lamb, published a baseless report concerning the toppling of Pakistani prime minister Mrs Benazir Bhutto's government. According to the report, "certain military officers frustrated this attempt, and in this connection a major general and a few middle ranking officers have been arrested." On the contrary, Pakistan's chief of army staff, General Mirza Aslam Beg, described it as "nonsense." What is amazing is that when FINANCIAL TIMES correspondent Christina Lamb, stationed in Islamabad, contacted Brigadier Riaz Allah, the Director of Interservice Public Relations [ISPR], in connection with confirmation or denial of this report, he told this correspondent, in no uncertain terms, that neither has there been an attempt by any section to topple Prime Minister Bhutto's government, nor has any top or common officer been arrested.

The question is, what was the purpose of printing this baseless report. Did the concerned correspondent print this news on her own, or was she asked to publish such a baseless report by some political circles. And if she did get such an impression through her own sources and she did want to obtain its confirmation from the ISPR Director, why is it that she did not refer to the denial from the ISPR Director, along with the publication of this report. Moreover, why weren't the major general and the few middle ranking officers, who according to her had been arrested, identified. Moreover, why is it that the day selected for the publication of this report was the day following the glorious rally held in Islamabad on 2 September.

If before analyzing the above remarks, one keeps in mind the events and statements of the past few days, the truth, the purpose, and its importance will become clear.

Last month, a rumor was floated that Prime Minister Bhutto has submitted her resignation. In this connection, a Lahore Urdu daily even published a special edition. A few days after the publication of this report, another mischief was hatched, stating that President Ghulam Ishaq was about to resign. Both of these reports proved to be baseless. Along with the publication of these reports, or rather some time prior to their publication,



the so called politicians opposed to democracy and the worshippers of dictatorship, circles championing the resurrection of dictatorship, and their fellow travellers "the political bandits" have been declaring that "Benazir's government is only a nine-day wonder." "The People's government's time is up." Sometimes, midterm elections are demanded, and the nation's president is egged on to exercise his constitutional authority. He is repeatedly urged to exercise his constitutional powers, which may mean the dissolution of parliament and the assemblies, and the holding of new elections or the formation of an interim government. A confrontation between the federal government and the provincial government cannot be viewed in isolation from other developments in this connection.

In light of these facts, it would not be incorrect to believe that the purpose of publishing this baseless report was nothing more than first, to give foreign countries the impression that Mrs Bhutto's democratic and civilian government is not stable. That it can collapse at any time. What is more Benazir's government does not enjoy the support of the military. It means that the country, at any time, may become engulfed in a serious power struggle or even a civil war. By getting reports of this nature published in foreign countries, these circles have demonstrated that they do not care about the country's prestige and integrity, and that they can go to any lengths to ensure the destruction of democracy. The aim of publishing this report, in a well known London newspaper, was not only to spread gloom and despondency among the Pakistani masses, but also to pave the way for large scale confrontations between the military and the people. In general, the Pakistani masses are thoroughly sick of military dictatorships, particularly Ziaul Haq's 11-year long dictatorship, and now they are not prepared to accept a military dictatorship at any price. Moreover, since 17 August 1988, because of the praiseworthy measures taken by the top brass of Pakistan's admirable military, in order to restore and strengthen democracy by their determination to steer completely clear of politics, the military and the masses hold each other in deep regard. Because of the manner in which Prime Minister Bhutto paid tribute to Pakistan's military in an unparalleled, historic meeting in Islamabad on 2 September, on Defense Day, the civil administration and the military have come very close to each other. That is why—to create a rift between these two—this report was published after 2 September, Defense Day.

In light of these facts, it would not be wrong to believe that such baseless information could have been provided to the FINANCIAL TIMES correspondent by the enemies of democracy and the opponents of the popular government, and that they could have initiated the publication, in the FINANCIAL TIMES, of the news based on these baseless reports.

However, one redeeming aspect of the publication of this news is that, from this, it has become clear to the Pakistani masses that even today there are people and

groups among us who seek to create a conflict between the people and the military.

### Government Said To Be Source of the FINANCIAL TIMES Report

90OI0002b Lahore SIYASI LOG  
in Urdu 25 Sep 89 pp 1, 10

[Text] According to well informed sources, the publication of an article regarding the toppling of Benazir Bhutto's government, which appeared in the London FINANCIAL TIMES, was arranged by Mrs Bhutto herself. The article stated that an army major general and a number of lower ranking military officers had recently attempted to topple the government, that the unsuccessful revolt was crushed, and that many persons were arrested.

Immediately following the publication of the above report, all of the concerned agencies categorically denied it and pleaded complete ignorance of any such happenings.

Moreover, concerning the author of this story, Christina Lamb, a foreign woman correspondent, it was reported that she had printed this story as part of a conspiracy, that she had social relations with the opponents of the People's Party, and that she printed this baseless and fictitious story in her newspaper for reprehensible purposes, for the sake of these people.

Now, it has been learned that the above report had been provided to the concerned correspondent by a very important and a very dear minister of Mrs Bhutto, under the instructions of the federal government and Mrs Bhutto herself, and that it was motivated by many objectives. In a state of intoxication, this minister, during an evening drinking party, persuaded the woman correspondent to print the above story and gave her this fictitious report, which the woman correspondent sent to her newspaper, believing it to be a confirmed news story.

This version has received confirmation from military chief General Aslam Beg's statement, wherein he said that Christina was with the prime minister during the Siya Chin visit. Any one of the 3-4 ministers present on this occasion, in the exuberance of youth, could have whispered something to her and persuaded her to do something. According to political circles, the objective of printing this news was nothing more than to create the impression among the public, and especially among the rebel members of the assembly within the People's Party, that the military supports Benazir, and that a few people had indulged in mischief which was crushed. This impression had been presented as an explanation to a previous statement by Gen Aslam Beg, in which he had stated that if anyone in the military created a disturbance against the democratic government, that person will be crushed.

Countless events confirm the People's Party's modus operandi.

Let it be clear that, in its 31 May issue, SIYASI LOG published a report stating that the American ambassador sought clarification from Gen Aslam Beg, the Chief of the Armed Forces, as to whether he was toppling the government of the Bhutto women. Now, in his 13 September press conference, Gen Aslam Beg, confirming this report, said that when this question had been posed to him, the country was awash with remorse and well wishers would ask him if he was all right, because they had heard rumors that shots had been fired during an unsuccessful revolt, and that Mirza Aslam Beg had himself sustained injuries.

Through these rumors, the People's Party intended to create, on the one hand, an impression among the people that the armed forces' top brass was with Benazir. On the other hand, it wanted to create an impression, concerning Pakistan's armed forces—that conspiracies continue to hatch against the democratic government and thus the armed forces continues in its efforts to achieve its objective of destroying the government.

Now that the Bhutto government's game of printing a false report in the FINANCIAL TIMES has been exposed, the government is clearly trying to harass the newspaper's correspondent, Christina Lamb, in an effort to cover up the issue. Sometimes it is reported that she has been sent to Delhi. Sometimes it is said that she is staying here on an expired visa, and sometimes the report is published that her visa has expired. The federal ministers are intimidating Christina Lamb, and the impression is being created that she gave this news story on the bidding of the government's opponents.

#### **Commentary: Inflation Retards Industrial Growth**

*46000027B Karachi BUSINESS RECORDER  
in English 4 Oct 89 p 2*

[Text] That the Government should set up a commission to investigate and study the implications of factors adding to cost-push inflationary pressures on industrial production, is indeed a pertinent and timely suggestion which was put forward by the newly-elected President of the Karachi Chamber of Commerce & Industry, Khawaja Qutubuddin, the other day while speaking at the Annual General Body meeting of the Chamber.

Khawaja Qutubuddin apparently had at the back of his mind the acute turn, the inflationary pressures on the industrial and other sectors of the economy, are feared to take unless effective steps are taken to contain the same. He estimated that although the rate of inflation in Pakistan was in the region of 10 percent, its adverse impact on the pace of investment, industrial production and employment, was simply devastating. The rate of unemployment among the educated and uneducated youths, according to his estimates, was to the extent of 50 percent. Considering the rush of job seekers, which is in hundreds in response to a couple of vacancies of office assistants in some organisations, the above estimate of unemployment would look to be based on a conservative

premise. This clearly speaks of a situation where economic activity in the country specially the pace of industrialisation is far narrow relative to the availability of man-power, both educated and uneducated, to take up different types of jobs.

Industry, the world over is recognised as the major avenue that opens up employment opportunities for all types of workers and at the same time industrial production rapidly adds to a country's wealth or GDP [gross domestic product]. It is only through a healthy and well-sustained process of industrialisation that under-developed countries like Pakistan may hope achieve the goal of higher per capita income, higher level of employment and improved life style for the common people.

It would not be an exaggeration if speedy industrialisation in a developing country is rated as a key to the threshold of material progress and prosperity. The unabated inflationary pressures in an economy are usually recognised as the number one adversary of industrial investment. It is in this context that the new President of the Karachi Chamber of Commerce & Industry has seemingly mooted the proposal for the establishment of an official commission to probe the unhealthy effects of inflationary pressures on industrial production and investment activity.

It has been noted that the country's economic and other policies do not generally maintain compatibility with the needs of a health growth in industrial sector through sustained industrial investment. It is true that fiscal and other incentives like tax-holiday, duty-free import of plant and machinery, facility of duty draw-backs, etc., are available for industrial investment. The favourable impact of these incentives is, however, usually negated by other policy measures which include indiscreet increase in the tariffs of utility services, depreciation in the exchange value of rupee, imposition of a variety of indirect and local taxes, etc. in addition to rising pressures on wage bills and mounting cost of both imported and locally produced raw materials.

Thus, an industry whose potential to compete in the local market as also on the export market, is constantly in the process of erosion due to rising inflationary pressures, can hardly be supposed to fully reap the benefits of industrial incentives like tax holiday and other concessions. In view of this, the need to officially monitor the inflationary conditions, the industrial sector has to put up with under all circumstances, can hardly be overemphasised. The establishment of a commission for this purpose as proposed by the President, Karachi Chamber of Commerce & Industry, will be a step in the right direction. The said commission on the pattern of Tariff Commission may be authorised to receive grievances from the industrialists and prospective entrepreneurs pinpointing concrete instances of unhealthy effects of cost-push inflationary

pressure on a number of inputs during a given period. This sort of exercise may facilitate a closer communication between the representative bodies of the various industries in different parts of the country and the proposed official commission. The information thus received by the Commission may serve as a useful document for the Government to use as a guideline in the formulation of the overall economic policies keeping in view the goal of ensuring healthy performance of the industrial sector. A closer attention to problems of the industrial sector, arising specially from the rising cost of production for one reason or the other, would guide the Government to take timely

policy measures and to straighten out the overall working conditions in various industries. It may be emphasised that establishment of an industry alone does not represent an end to the means for economic development. It is the sustained and healthy running of the wheels of industry that matters most, otherwise millions of rupees worth of investment in foreign exchange may turn into heaps of scrap, if industrial problems are neglected to such an extent that industries start going sick one after another. Already the number of industrial units lying closed or sick is very large, the revival of which is yet another stupendous task to reckon with.



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